
ILLINOIS COMMERCE COMMISSION



**ANNUAL
REPORT
ON ELECTRICITY, GAS,
WATER AND SEWER
UTILITIES
2013**

**ILLINOIS
COMMERCE COMMISSION**

**ANNUAL REPORT
ON ELECTRICITY, GAS, WATER
AND SEWER UTILITIES**

2013

ICC Annual Reports

This report is one of four annual reports issued by the Illinois Commerce Commission.

Annual Report on Electricity, Gas, Water and Sewer Utilities

(issued 1985—1995 as Annual Report on Public Utilities)

This report may be obtained from:
Illinois Commerce Commission
Chief Clerk's Office
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-7434

Also on: www.icc.illinois.gov

Annual Report on Telecommunications

This report may be obtained from:
Illinois Commerce Commission
Chief Clerk's Office
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-7434

Also on: www.icc.illinois.gov

Annual Report on the Transportation Regulatory Fund

This report may be obtained from:
Illinois Commerce Commission
Transportation Division
Walk-In Center
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-4654

Annual Report on the Use of the Grade Crossing Protection Fund

This report may be obtained from:
Illinois Commerce Commission
Transportation Division
Walk-In Center
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-4654

The ICC Online
Agendas for Commission meetings, selected
Commission orders, annual reports, and other
information are available on line from the Commission's
Web Site: www.icc.illinois.gov

ICC's Electronic Docketing System
<http://eweb.icc.illinois.gov/e-docket>

Plug In Illinois—Choosing an Electric Supplier
<http://www.pluginillinois.org/>

Contacting the ICC

Springfield and Chicago Offices

Illinois Commerce Commission
527 E. Capitol Avenue
Springfield, Illinois 62701

Illinois Commerce Commission
160 N. LaSalle, Suite C-800
Chicago, Illinois 60601

For any public utility service issue, for assistance, or
information, or to file an informal complaint, please
contact the ICC's Consumer Services Division.

Toll-free: 800/524-0795 (In Illinois only)
800/858-9277 (TTY)

Chicago:
Illinois Commerce Commission
Consumer Services Division
160 N. LaSalle Street
Suite C-800
Chicago, Illinois 60601

Springfield:
Illinois Commerce Commission
Consumer Services Division
527 E. Capitol Avenue
Springfield, Illinois 62701

On matters pertaining to trucking, and household goods
moving, which are under the Commission's jurisdiction,
please contact the Transportation Division Walk-In
Center in Springfield.

217/782-4654
217/782-4915 (TTY)

For railroad safety issues, please contact:
217/782-7660

For relocation towing issues, please contact:
Illinois Commerce Commission
Des Plaines Compliance Office
847/294-4326

For collateral recovery issues, please contact:
217/782-6447



ILLINOIS COMMERCE COMMISSION

January 31, 2014

The Honorable Pat Quinn
Governor, State of Illinois
State Capitol, Springfield, Illinois

Chairman and Members, Joint Committee on Legislative Support Service
313 State Capitol, Springfield, Illinois

Dear Governor, Chairman and Members of the Joint Committee:

We are pleased to submit to you the Commission's 2013 Annual Report on Electricity, Gas, Water, and Sewer Utilities. This Report covers the period of January 1, 2013 through December 31, 2013.

The Annual Report is submitted in compliance with the Public Utilities Act and specifically addresses the items cited in Section 4-304 of that Act, which requires the Commission to report on the following subjects: a general review of agency activities; a discussion of the utility industry in Illinois; a discussion of energy planning; the availability of utility services to all persons; implementation of the Commission's statutory responsibilities; appeals from Commission orders; studies and investigations required by state statutes; impacts of federal activity on state utility service; and recommendations for proposed legislation.

Among other Commission reports provided to the Governor and General Assembly each year are the following:

- Annual Report on Telecommunications
- Annual Report on the Transportation Regulatory Fund
- Annual Report on the Use of the Grade Crossing Protection Fund

Additional information about the Commission and its activities is available from the Commission's web site listed on the previous page.

Sincerely,

A handwritten signature in black ink that reads "Douglas P. Scott".

Douglas P. Scott
Chairman

TABLE OF CONTENTS

Year in Review

Introduction

Statement of Mission

Commission Organization

1. General Review of Agency Activities	1
Review of Significant Commission Decisions.....	3
Pending Cases.....	3
Significant Regulatory Actions.....	3
Cases Filed During 2013	4
Commission Budget and Personnel.....	6
Agency Organization and Administration.....	7
2. A Discussion of the Utility Industry in Illinois.....	9
Developments in the Illinois Regulatory Environment.....	11
Electric Power Procurement Obligations	11
Retail Electric Choice	12
Availability of Services by Geographic Area.....	13
Electricity.....	13
Natural Gas.....	16
Water and Sewer Utilities.....	19
Financial Health of the Utility Industry.....	22
3. A Discussion of Energy Planning.....	25
Integrated Resource Planning.....	27
Cogeneration.....	27
4. The Availability of Utility Services to all Persons.....	29
Programs Designed to Promote the Affordability of Utility Services.....	31
The Financial Impact of Uncollectible Expenses.....	33
Consumer Education Activities	33
5. Implementation of the Commission's Statutory Responsibilities.....	35
Commission Reorganization.....	37
Construction and Rate Supervision.....	37
Construction Audits.....	37
Management Audits.....	38
Excess Capacity Used and Useful	38
Rate Moderation Plan.....	38
Cost-Based Rates.....	39
Mergers.....	39
Asset Transfers or Sales.....	40
Informational Filings	40
Decommissioning.....	40
Promulgation of Ex Parte Rules	40

6.	Appeals from Commission Orders.....	41
	Appeals Involving Public Utilities.....	43
	Appeals Decided in 2013.....	46
7.	Studies and Investigations Required by State Statutes.....	51
	Emission Allowance Reports.....	53
	Estimated Billing Practices.....	53
	Cogeneration/Small Power Production.....	53
	Feasibility of Wheeling in Illinois.....	53
	Temporary Rate Increase.....	53
	Study of CWIP.....	53
	Rulemaking for Cancellation Costs.....	54
	Evaluation of the Fire Protection Charge.....	54
	Economic Development Program	54
	Investigation of Peoples Gas Light And Coke Company's Accelerated Main Replacement Program	54
	Electric Energy Efficiency and Demand Response.....	54
	Illinois Power Agency	54
8.	Impacts of Federal Activity on State Utility Service.....	57
	Commission Policy and Actions in FERC Proceedings	59
	Developments in the Natural Gas Industry.....	59
	Developments in the Electric Power Industry.....	59
9.	Recommendations for Proposed Legislation.....	61
	Appendix A: Summary of Significant Commission Decisions.....	65
	Appendix B: Emission Allowance Reports	77

ILLINOIS COMMERCE COMMISSION

YEAR IN REVIEW

2013

ENERGY ISSUES: Electricity

Electric Restructuring

The electric market was opened to approximately 4.4 million residential customers May 1, 2002. At the end of 2013, 86 alternative suppliers were certified to serve non-residential customers; however, 11 of those suppliers had secured Commission approval only to serve themselves or their affiliates. Fifty-seven suppliers were eligible to serve residential customers. To assist customers who may be considering switching to an alternative provider for electric service, the ICC website provides a list of the electric supply offers by service territory as well as the names and contact information of those companies providing alternative retail electric service.

Office of Retail Market Development

Pursuant to Public Act 94-1095 (the "Retail Electric Competition Act of 2006"), the Commission established the Office of Retail Market Development in 2008. Section 20-102 of the Public Utilities Act requires the Commission to promote the development of an effectively competitive retail electricity market that is effective and beneficial to all Illinois consumers. The Office of Retail Market Development focused its initial efforts on the implementation of Public Act 95-0700, which became effective in November 2007 and required Commonwealth Edison and Ameren Illinois to provide consolidated billing to retail customers and purchase the receivables of electric suppliers. These requirements are designed to alleviate barriers to competition for residential and small commercial customers in Illinois. Ameren Illinois' consolidated billing and purchase of receivable program has been available since October 17, 2009 and Commonwealth Edison's program has been available since January 2011. Public Act 95-0700 also requires ComEd and Ameren Illinois to implement a purchase of uncollectibles program. The Commission approved Ameren Illinois' program Nov. 8, 2011 and it has been implemented. ComEd's program was approved in March 2012.

Alternative Retail Electric Supplier Service

As of November 30, 2013, more than three million residential customers in Illinois were purchasing power and energy from an Alternative Retail Electric Supplier and

approximately 325,000 non-residential customers were purchasing power and energy from an Alternative Retail Electric Supplier or an electric utility selling outside its service area. The percentage of RES usage among all non-residential customers in the service territories of Ameren Illinois and Commonwealth Edison continues to exceed 90 percent. Customer switching increased significantly in 2013 as more communities in Illinois chose to negotiate electricity pricing with ARES on behalf of their residents. Detailed electric customer switching statistics can be viewed on the Commission's web page at <http://www.icc.illinois.gov/electricity/switchingstatistics.aspx>.

Electric Rate Proceedings

In December 2013, the Commission approved new electric distribution rates for ComEd, effective January 1, 2014, in accordance with the new performance-based formula rate plan or Energy Infrastructure and Modernization Act (EIMA). The new rates are expected to produce approximately \$340 million in additional annual revenue for the company or about 17 percent more than current revenue. In June, 2013, the Commission issued orders updating electricity delivery rates for ComEd and Ameren Illinois in response to amendments to EIMA (Public Act 98-0015). EIMA allows ComEd and Ameren to recover their investment in the electric system annually using a formula, if they agree to make specific investments aimed at improving reliability and modernizing the electricity grid. The Commission ordered ComEd to accelerate installation of smart meters, as required in the amended law. The company installed approximately 60,000 new meters in 2013 and will install an additional 160,000 next year. The Commission also approved new electric delivery rates for Ameren Illinois in December, although adjustments in its formula rate case resulted in a \$45 million reduction in annual revenue effective January 1, 2014.

The Commission approved the Illinois Power Agency's plan to purchase electricity and associated transmission services for ComEd and Ameren Illinois energy consumers for 2014-15 (Docket 13-0546). The order provides for two energy procurements in 2014, a move that may better match customer demand for energy with supply. The IPA anticipates customer switching to alternative suppliers will stabilize and the utilities' older supply contracts will expire, so two procurements, one in April 2014 and another, if needed, in the third quarter of 2014, will allow the IPA to address fluctuations in customer demand.

CONSUMER EDUCATION PROGRAMS

Electric Customer Choice – "Plug in Illinois"

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state's electricity utility

industry. Section 16-117 of the Public Utilities Act requires the Illinois Commerce Commission to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights and responsibilities. The ORMD continually updates the content on the Commission's electric choice website, PluginIllinois.org, including a list of municipalities pursuing aggregation, the residential price to compare for both Ameren Illinois and Commonwealth Edison, and offers posted by Alternative Retail Electric Suppliers.

Natural Gas Choice

In some parts of Illinois, natural gas utilities voluntarily offer their residential and small retail commercial customers the opportunity to choose their supplier of natural gas. Alternative Gas Suppliers offering service to these customers must be licensed by the ICC. At the end of 2013, 25 companies were licensed as alternative gas suppliers in Illinois. In December 2013, the ICC approved a new small volume transportation program for residential customers of Ameren Illinois. Public Act 95-1051, which took effect April 10, 2009 expanded consumer rights and protections. The Commission website includes consumer education information to help residential and small commercial customers understand their gas supply options and their rights and responsibilities. The educational information includes choices available, guidance for selecting an alternative gas supplier, comparisons of the prices and terms of products offered by alternative suppliers and procedures for addressing complaints.

ENERGY ISSUES: Gas

Gas Price Increases

In 2013, the Commission continued its annual review of the commodity cost of natural gas through annual reconciliation dockets, looking at Purchased Gas Adjustment filings submitted by the gas utilities.

Audits

The Commission issued a request for proposals for an audit of the Peoples Gas natural gas main replacement program, because of concerns that the company's plans to replace 1,570 miles of cast iron gas mains and upgrade 300,000 customer service lines was not progressing as planned. The audit will investigate the company's efforts to replace gas main under the terms of the Commission-approved accelerated main replacement program and includes a follow up study to evaluate adherence to the schedule, procedures and recommendations. An auditor is expected to be selected early in 2014.

Gas Rate Proceedings

In July 2013, Public Act 98-0057 became effective and allows natural gas utilities in Illinois to implement a natural gas surcharge for investments in qualifying infrastructure plant (QIP) investments. The ICC approved QIP tariffs for Nicor Gas during 2013.

The Commission issued orders establishing natural gas delivery service rates for Ameren Illinois, Peoples Gas and North Shore Gas and ordered a rate refund for Nicor Gas customers.

On December 18, 2013 the Commission entered an order in Ameren Illinois' rate case, increasing natural gas delivery service rates for each of its three rate zones. The new rates, effective January 2014, are expected to generate approximately \$32 million in new annual revenue, or 10.2 percent over current revenue.

Peoples Gas and North Shore Gas filed a rate case, 12-0512 and 12-0511, in July 2012 citing Section 9-220 of the Public Utilities Act. The company opted out of participation in a long-term sourcing agreement with Chicago Clean Energy and therefore was required to file biennial rate cases beginning in 2012. The company indicated it would need additional revenue to pay for continued capital projects including its pipeline main replacement program.

In June 2013, the Commission authorized Peoples Gas to increase its delivery rates by approximately \$57.2 million or 10.46%. The increase for Peoples Gas was increased to approximately 59.8 million or 10.93% in December. North Shore Gas was authorized to increase delivery rates by \$6.6 million or 8.49% in June. That increase was subsequently increase to \$6.7 million or 8.63% in December.

In June, the Commission ordered Nicor Gas to refund nearly \$72 million to customers, after a review of gas purchases and other transactions that occurred between the time its performance-based regulation program was considered in 1999 and the end of the program in 2002. The refund would be returned to customers through the purchased gas adjustment charge on bills.

FERC

In 2013, the Federal Energy Regulatory Commission (FERC) continued to focus on improving the efficiency and transparency of the electricity and natural gas markets. In light of continued low natural gas prices, one of the FERC's main focuses was addressing the interdependence between the natural gas and electricity markets. FERC

held numerous technical conferences on the issue, established a quarterly reporting requirement for FERC staff on the subject and issued Order No. 787, which modified FERC's rules to allow natural gas pipelines and electric utilities to share non-public, operational information for the purpose of promoting reliable service or operational planning on either the public utility's or pipelines system.

On the electricity side, the FERC continued to focus on issues such as continuing implementation of Order No. 1000 (transmission planning and cost allocation), addressing seam issues between PJM and MISO transmission organizations, addressing formula rate protocols under the MISO tariff and issues surrounding the production and delivery of renewable energy in the Midwest and the East Coast.

WATER AND SEWER ISSUES

Illinois-American Water Company ("IAWC") is the state's largest investor-owned water and sewer utility. In August 2013, the Commission issued a certificate of public convenience and necessity to IAWC, allowing it to acquire the water system of the city of Grafton in Jersey County.

Aqua Illinois, Inc. ("Aqua") is the state's second largest investor-owned water and sewer utility. In September 2013, the Commission issued an order approving Aqua's acquisition of Nordic Park Water and Sewerage Disposal Company, Inc. and Woodlawn Utilities Corporation, small investor-owned utilities in Ogle and Winnebago counties. In October 2013, the Commission issued a certificate of public convenience and necessity to Aqua allowing it to acquire the wastewater system of the village of Sun River Terrace in Kankakee County. Also in October, Aqua filed an application seeking to acquire the water system of McHenry Shores Water Company, a small investor-owned utility in McHenry County.

Utilities Inc. has 23 operating subsidiaries in Illinois, making it the third largest investor-owned water and sewer utility. In January 2013, the Commission approved an increase in water rates for Lake Marian Water Corporation and Wildwood Water Service Company, two subsidiaries of Utilities, Inc. through the Commission's simplified rate case procedure. In February, the Commission approved an increase in water rates for Holiday Hills Utilities, Inc., a subsidiary of Utilities, Inc. also through the simplified rate case process. In August, the Commission approved an increase in water rates for Apple Canyon Utility Company and Lake Wildwood. In October, Galena Territory Utilities, Inc. filed an application to acquire the water and wastewater systems of the village of Oakwood in Vermilion

County. In November 2013, Utilities, Inc. filed an application to reorganize its 23 operating subsidiaries in Illinois, in response to a 2012 Commission order which directed the company to propose a business plan for consolidating its separate utilities into a single entity. The company's proposal was pending at the end of 2013.

In September 2013, Crystal Clear Water Company and Nunda Utility Company filed applications for a general increase in water rates under the simplified rate case procedures.

In October, Commission staff held a public meeting for Powers Water Company, Inc., which had proposed a water rate increase. The Commission approved an increase in water rates for Powers in December.

Water and sewer utilities continued to use surcharges on customer bills to collect for purchased water, purchased sewage treatment and qualifying infrastructure plant.

COMMISSION ACTIVITIES

As of the end of December 2013 the Commission had approved licenses for 292 agents, brokers or consultants to procure or sell retail electricity to utility customers in Illinois. Sample applications for licensing, bond information and administrative code parts outlining the licensing requirements, as well as a code of conduct are available on the ICC's website. Agents, brokers and consultants applying for licenses to sell or market electricity in Illinois must adhere to the rules and provide the Commission with evidence of managerial, technical and financial capability. Each application must be reviewed within 90 days in compliance with the Public Utilities Act.

The Commission continued its review of several proposals for new transmission lines in Illinois. In August, the Commission approved a \$1 billion, 345 kV line, the Illinois Rivers project (Docket 12-0598), proposed by ATXI Transmission Company, but later agreed to rehear several issues in the case. The rehearing case continued at the end of 2013. Also pending were petitions to construct the Rock Island Clean Line (Docket 12-0560), a 121 mile long, high voltage DC line designed to bring renewable energy resources into Illinois, connecting with the PJM transmission system in Grundy County, and a ComEd proposal to build a 345 kV transmission line, Grand Prairie Gateway project (Docket 13-0651), through Ogle, DeKalb, DuPage and Kane counties.

The Commission set new rules for licensing companies who install distributed generation facilities, including solar panels, wind turbines, natural gas generators and fuel cells in the state. Five applicants were granted certificates

under the terms of the new law by the end of 2013. In a related case, new rules were adopted in 2013 setting terms and conditions for certification of companies that will install, maintain and repair electric vehicle charging stations.

The Commission's Electric Policy and Natural Gas committees met with electric and natural gas utility, NGO and renewable energy representatives to discuss energy supply issues and demand forecasts in November 2013. Other policy meetings focused on energy efficiency programs and how to increase participation in and effectiveness of those programs, utility progress in deploying smart meters in their respective service areas, and the future of combined heat and power (CHP) or cogeneration in Illinois.

INTRODUCTION

The following report for calendar year 2013 was prepared to meet the requirements of the Public Utilities Act (PA-84-617). Section 4-304 of this Act instructs the Illinois Commerce Commission to prepare an annual report and provide copies to the Joint Committee on Legislative Support Services of the General Assembly, the Public Counsel, and the Governor.

Nine specific sections on which the Commission is asked to report are cited in the Act. The report is therefore divided into nine main parts, as follows:

- A general review of agency activities;
- A discussion of the utility industry in Illinois;
- A discussion of energy planning;
- The availability of utility services to all persons;
- Implementation of the Commission's statutory responsibilities;
- Appeals from Commission orders;
- Studies and investigations required by state statutes;
- Impacts of federal activity on state utility service; and
- Recommendations for proposed legislation.

For the convenience of the reader, each part is given the same number designation as the corresponding subsection of the Public Utilities Act that it addresses.

Other information about the Commission and its activities is available from the Commission's web site, www.icc.illinois.gov.

During 2013, the following persons (listed alphabetically) served as members of the Illinois Commerce Commission.

John T. Colgan

Miguel del Valle

Lula M. Ford

Sherina E. May

Ann McCabe

Erin M. O'Connell-Diaz

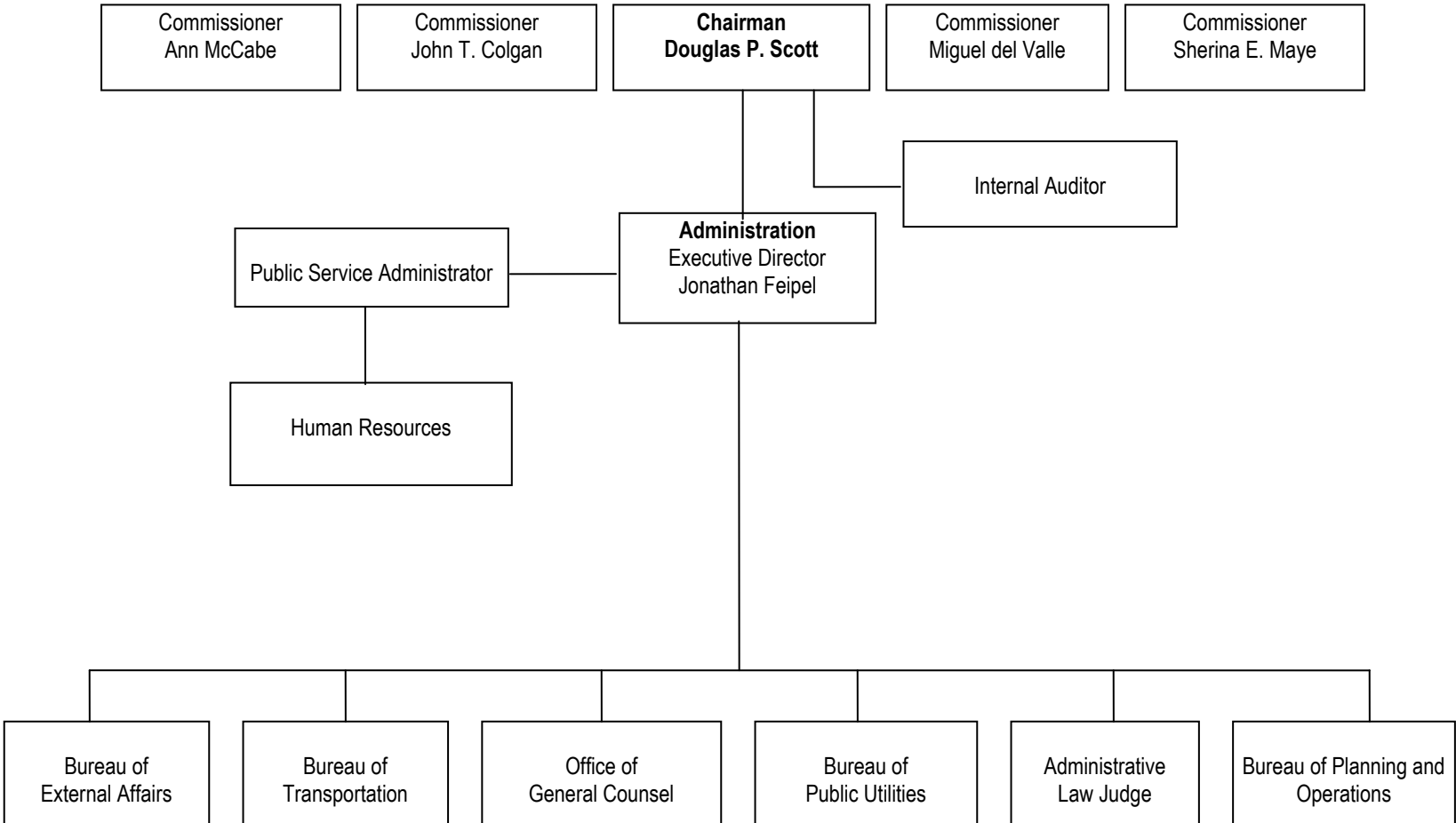
Douglas P. Scott

ILLINOIS COMMERCE COMMISSION

STATEMENT OF MISSION

The Illinois Commerce Commission, in a period of emerging reliance on the marketplace to ensure fairly-priced, reliable, and adequate utility services, will protect consumer interests and manage the transition of network industries from regulation to efficient competition through the use of innovative regulatory practices. Through its actions, the ICC shall generally promote effective competition in utility and transportation industries, enhanced consumer choice, efficient and effective dispute resolution, and the sharing of impartial and comprehensive information within its jurisdiction as provided by law.

ILLINOIS COMMERCE COMMISSION
ORGANIZATION CHART



SECTION 1

General Review of Agency Activities

Public Utilities Act Section 4-304 requires:

(1) A general review of agency activities and changes, including:

(a) a review of significant decisions and other regulatory actions for the preceding year, and pending cases, and an analysis of the impact of such decisions and actions, and potential impact of any significant pending cases;

(b) for each significant decision, regulatory action and pending case, a description of positions advocated by major parties, including Commission staff, and for each such decision rendered or action taken, the position adopted by the Commission and reason therefore;

REVIEW OF SIGNIFICANT COMMISSION DECISIONS

Appendix A of this report contains summaries of significant Commission decisions made and other regulatory actions taken in 2013. These summaries are by no means exhaustive, but they do provide a representative sampling of Commission actions. If the reader would like to know more about any of the cases discussed in this report, both the Commission's order and the record for decision are available for examination in the Commission's Springfield office. In any proceeding in which the Commission has entered an order on the merits, the best summary of positions advocated and reasons for the Commission's adoption of a position is contained in the order itself.

Copies of these documents are available free of charge to public officers; others may obtain copies upon payment of the fee established in Section 2-201 of The Public Utilities Act. Selected orders and other Commission documents may be found on the Commission's web page (www.icc.illinois.gov) or in the Commission's electronic docketing system (<http://eweb.icc.illinois.gov/e-docket>).

PENDING CASES

As noted above, Section 4-304 of the Public Utilities Act also requires a review of pending cases, including an analysis of the potential impact and a description of positions advocated by staff and major parties. The Commission feels that it is precluded from entering into discussions of pending issues or characterizing positions advocated by staff and parties in pending cases. The dangers of acting otherwise include the possibility of violating restrictions on ex parte communications (see Section 10-103 of the Public Utilities Act and 83 Ill. Adm. Code 200.710) and the possibility of later being held to have prejudged issues pending before the Commission as of the date of this report. The Commission's record in pending cases is available for examination through the Chief Clerk's Springfield office.

SIGNIFICANT REGULATORY ACTIONS

Significant actions taken by the Commission during 2013 are described in the summary statement, "The Year in Review," immediately preceding this section.

(1-c) a description of the Commission's budget, caseload, and staff levels, including specifically:

(i) a breakdown of type of case by the cases resolved and filed during the year and of pending cases;

CASES FILED DURING 2013

Table 1-1, Utility Cases Monthly Report, on the following page shows the cases and filings for each month for the years 2010, 2011, 2012 and 2013. This table also shows the totals by type for the year.

e-DOCKET: ICC's ELECTRONIC DOCKET FILING SYSTEM

To aid both the Commission staff and the public at large, the Illinois Commerce Commission has developed an electronic filing, reporting, and case management system called e-Docket that is accessible on the World Wide Web.

e-Docket is a Web-based, automated information and records-keeping system. It was developed to process and manage public information about the Commission's official cases and rulemaking proceedings. A person using e-Docket may conduct searches in two ways:

- **Search for cases:** permits searches by case types, service types, companies, and/or a date range as parameters.
- **Search for documents:** permits searches by document types, docket numbers, and/or a date range.

e-Docket has a variety of practical uses. Anyone interested in case proceedings conducted by the ICC may visit the e-Docket web site at <http://eweb.icc.illinois.gov/e-docket> and view a wealth of information about active and closed cases initiated on or after January 1, 2000.

e-DOCKET USERS MANUAL PROVIDES INSTRUCTIONS FOR SEARCHING FOR DOCUMENTS

A twenty-four-page e-Docket users manual is available on the e-Docket web site to assist viewers in finding information about cases. It is important to remember, however, that e-Docket was first used as a way to store electronic documents in January 2000. Documents created prior to January 1, 2000, were filed with the Commission in paper format only. These are available for viewing in the Commission's Chief Clerk's Office.

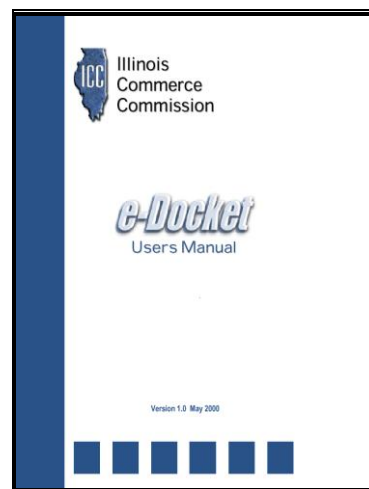


Table 1-1
Utility Cases Monthly Report

MONTHLY TOTALS	Current Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Calendar Year To Date
Filings:														
New Cases	2013	103	71	82	77	34	44	39	43	45	55	52	58	703
	2012	82	72	101	61	53	41	51	45	38	46	53	56	699
	2011	91	100	127	63	76	51	49	53	58	36	42	64	810
	2010	84	70	99	64	42	65	56	48	41	56	54	65	744
Filings/Reports (SPI)	2013	894	659	753	795	445	487	494	502	485	836	555	501	7,406
	2012	740	757	970	771	797	575	730	653	494	773	563	587	8,410
	2011	797	522	625	706	515	553	494	614	644	745	460	652	7,327
	2010	845	219	704	631	519	446	674	783	551	706	529	588	7,195
Filings/Reports (CHI)	2013	-	-	-	-	-	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-	-	-	-	-	-
Hearing & Commission Action Notices	2013	186	125	162	182	189	140	121	169	156	176	129	113	1,848
	2012	181	203	213	208	185	88	171	182	138	200	173	137	2,079
	2011	143	142	237	209	176	151	142	177	179	156	156	160	2,028
	2010	148	166	189	177	170	161	220	201	152	173	159	138	2,054
Supplemental/Reopen Petitions	2013	1	-	-	-	-	-	-	-	1	1	-	-	3
	2012	-	-	3	-	-	-	2	-	-	-	-	-	5
	2011	-	1	-	-	-	-	-	-	1	1	-	-	3
	2010	-	-	-	-	-	-	-	-	-	-	-	-	-
Petitions for Rehearing	2013	7	2	-	6	-	4	16	2	4	-	1	3	45
	2012	2	14	3	-	3	10	2	2	1	5	2	4	48
	2011	8	-	4	1	1	11	1	1	1	1	-	-	29
	2010	1	9	-	2	14	13	4	-	-	6	-	7	56
Notice of Appeals	2013	1	3	-	-	1	6	-	2	1	2	-	-	16
Notice of Appeals	2012	-	-	3	-	-	-	2	1	1	3	-	2	12
	2011	6	-	1	-	-	1	2	6	2	-	-	-	18
	2010	2	2	2	1	-	1	5	1	-	1	2	2	19
Cases Closed (Orders/Commission Actions)	2013	64	47	44	64	60	110	58	57	43	37	52	47	683
	2012	56	55	63	61	91	88	45	55	59	70	71	57	771
	2011	33	84	77	77	107	73	72	48	49	49	41	51	761
	2010	48	72	83	82	59	86	56	52	69	56	33	89	785
Tariff Filings	2013	86	89	98	98	235	133	111	108	141	94	83	79	1,355
	2012	154	102	165	170	245	252	130	158	157	114	85	108	1,840
	2011	142	148	99	106	137	114	102	105	101	104	93	163	1,414
	2010	122	115	157	118	175	197	122	122	115	100	122	160	1,625

(ii) a description of the allocation of the Commission's budget, identifying amounts budgeted for each significant regulatory division, or office of the Commission and its employees.

(iii) a description of current employee levels, identifying any change occurring during the year in the number of employees, personnel policies, and practices or compensation levels; and identifying the number and type of employees assigned to each Commission regulatory function and to each department, bureau, section, division, or office of the Commission.

The following table shows the Commission's budget and authorized headcount by divisions and funding source.

TABLE 1-3
Budget and Headcount by Division
For Fiscal Year 2014

	Chairman & Commissioners		Public Utility Division		Transportation Division		Totals	
	Head Count	Budget \$	Head Count	Budget \$	Head Count	Budget \$	Head Count	Budget \$
Public Utility Fund	11	1,506,800	185	30,181,600	0	0	196	31,688,400
Transportation Fund	1	131,500	0	0	78	18,435,300	79	18,566,800
Capital Development Fund	0	0	0	0	0	52,857	0	52,857
Underground Utilities Damage Prevention Fund	0	0	0	126,000	0	0	0	126,000
Wireless Carrier Reimbursement Fund	0	0	0	14,689,800	0	0	0	14,689,800
Wireless Services Emergency Fund	0	0	0	77,130,000	0	0	0	77,130,000
Totals	12	1,638,300	185	122,127,400	78	18,488,157	275	142,253,857

Headcount is shown at the authorized level for FY14

Budget \$ shown represents the FY14 appropriation.

(1-d) a description of any significant changes in Commission policies, programs or practices with respect to agency organization and administration, hearings and procedures or substantive regulatory activity.

AGENCY ORGANIZATION AND ADMINISTRATION

There were no significant changes in Commission policies or programs with respect to agency organization or administration in 2011.

SECTION 2

**A Discussion of
the Utility
Industry in
Illinois**

2. A discussion and analysis of the state of each utility industry regulated by the Commission and significant changes, trends and developments therein, including the number of types of firms offering each utility service, existing, new and prospective technologies, variations in the quality, availability and price for utility services in different geographic areas of the State, and any other industry factors or circumstances which may affect the public interest or the regulation of such industries.

SIGNIFICANT DEVELOPMENTS IN THE ILLINOIS REGULATORY ENVIRONMENT

Many of the developments in the electric industry came in the aftermath of the end of the rate reductions and freeze originally set forth in the Electric Service Customer Choice and Rate Relief Law of 1997 ("the 1997 Law"). Concern over higher rates subsequent to the end of the rate freeze culminated in the Illinois Power Agency Act, P.A. 095-0481 ("the IPAA"). The IPAA created a state agency, the Illinois Power Agency, to procure power and renewable energy resources for Commonwealth Edison Company ("Commonwealth Edison") and the three Illinois Ameren Companies (AmerenCILCO, AmerenCIPS, and AmerenIP). In addition, the IPAA required that major utilities meet goals for energy efficiency and demand response programs.

Public Act 96-0033 (Senate Bill 1918), which became effective in 2009, produced significant changes for Illinois electric and gas public utilities, their customers, and the Commission. This Act directed electric and gas utilities serving more than 100,000 customers to offer percentage of income payment plans to their customers; these plans would provide assistance to customers paying more than 6% of their income for electric and gas utility bills combined. The Act also directs the same electric and gas utilities to offer their customers on-bill financing for the purchase of cost-effective energy efficiency measures. It allows all electric and gas utilities to recover excess bad debt expenses through an automatic rate adjustment mechanism generally known as a "rider." The Act clarified the deadline for the electric utilities to file plans outlining energy efficiency and demand response measures, and required gas utilities with more than 100,000 customers to implement energy efficiency measures. The Act also added restrictions on the employment of former Commissioners and Commission employees, required the Commission to address specifically utility rate case expenditures for attorneys and experts in each general rate case, required transcripts of all Commission meetings to be a part of the record in each case, and expanded the scope of prohibited communications pertaining to rate matters. Finally, the Act imposed renewable portfolio standards on alternative retail electric suppliers and utilities operating outside their service territories.

ELECTRIC POWER PROCUREMENT OBLIGATIONS

Wholesale electricity purchased by Commonwealth Edison Company ("ComEd") and Ameren Illinois Companies is subject to Section 1-75 of the Illinois Power Agency Act ("IPA Act")¹ and Section 16-111.5 of the Public Utilities Act ("PUA")². These laws include the following major features:

- An annual procurement plan is prepared by the Illinois Power Agency ("IPA").
 - A draft plan is first submitted (by August 15) and subject to a 30-day public comment period.
 - At the end of the 30-days, the revised plan is filed with the Commission.
 - Parties have five days to raise objections with the filed plan.
 - The Commission has another five days to determine if hearings should be held.
 - A Commission order approving or modifying the plan must be entered within 90 days of the plan filing.³
- Procurement of "standard products" must be made through sealed-bid, pay-as-bid RFP processes.
- Procurement of "renewable energy resources" is also required according to the States' renewable portfolio standard ("RPS"), consisting of a schedule and a set of restrictions and preferences detailed in Section 1-75(c) of the IPA Act⁴.
- The RFP process is conducted by an IPA-hired and Commission-approved "procurement administrator."

¹ 20 ILCS 3855/1-75

² 220 ILCS 5/16-111.5

³ There is currently a procurement plan proceeding before the Commission (Docket 09-0373), and Ex Parte laws prevent any discussion of that case within this briefing.

⁴ 20 ILCS 3855/1-75(c)

- The RFP process is monitored by a Commission-hired “procurement monitor.” At present, the Commission’s procurement monitor is the consulting firm of Boston Pacific Company.
- The procurement administrator and monitor independently submit to the Commission confidential reports within two business days after the receipt of bids.
- The Commission reviews the confidential reports and either accepts or rejects the recommendations of the procurement administrator within two business days after receipt of the reports.
- If, by the above action, the Commission approves of utilities entering into contracts, then contracts with winning bidders are executed within three business days.

To date, the implementation of plans subject to the above-cited portions of the IPA Act and the PUA has concluded with a series of five separate bidding events in the spring for five types of contracts:

1. Financial energy swaps entered into by Ameren to establish fixed-quantity price hedges vis-à-vis MISO⁵ day-ahead and real-time spot prices over portions of a one to three-year period.
2. Analogous physical energy contracts entered into by ComEd, to establish fixed-quantity price hedges vis-à-vis PJM⁶ day-ahead and real-time spot prices over portions of a one to three-year period.
3. Contracts for a fixed quantity of renewable energy certificate (“REC”) generated during the upcoming 12-month plan year, in order to enable Ameren to satisfy the State’s RPS.
4. Analogous REC contracts to enable ComEd to satisfy the State’s RPS.
5. Capacity contracts to enable Ameren to satisfy resource adequacy requirements of MISO over portions of a one to three-year period.⁷

The results of previous procurements can be found on the Commission’s web site at <http://www.icc.illinois.gov/electricity/ElectricityProcurement.aspx>.

Shortly after the conclusion of the spring procurement events, Ameren and ComEd revise the base level of retail charges through which the costs of electricity and RECs are recovered from customers. Actual revenues and actual costs are monitored on a monthly basis, and rates are adjusted, as necessary, to minimize the accumulation of a revenue-cost imbalance. An annual audit and reconciliation proceeding is also held.

RETAIL ELECTRIC CHOICE

The Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state’s electric service industry to allow for competition among suppliers. The 1997 Law established a fixed timetable for the introduction of electric retail choice in Illinois, beginning with approximately 64,000 non-residential electric customers, or about one-seventh of all non-residential customers, on October 1, 1999. An additional 609,000 non-residential customers became eligible for retail choice on January 1, 2001. An estimated 4.4 million Illinois residential customers became eligible for the retail choice program in May 2002. All customer classes are now eligible to choose alternative suppliers. At the end of December 2013, 86 suppliers were certified to serve nonresidential customers though 11 of those sought Commission authority to only serve themselves or affiliates. Fifty-seven suppliers were certified to serve residential customers. As of November 30, 2013, over 3 million residential customers were purchasing power and energy from a Retail Electric Supplier (RES) and approximately 325,000 non-residential customers in Illinois were purchasing power and energy from a RES. The percentage of RES usage among non-residential customers with a peak demand above one megawatt in the service territories of Ameren Illinois and Commonwealth Edison continues to exceed 90 percent. Detailed electric customer switching statistics can be viewed on the Commission’s web page at <http://www.icc.illinois.gov/electricity/switchingstatistics.aspx>.

Since electric competition was beneficial to larger commercial customers but little competitive activity occurred in the residential and smaller commercial customer classes, the Illinois General Assembly passed Public Act 94-1095 (the “Retail Electric

⁵ MISO is the Midwest Independent Transmission System Operator. It is the regional transmission organization (“RTO”) to which Ameren belongs. MISO coordinates the movement of power in 13 U.S. states and the Canadian province of Manitoba. <http://www.midwestiso.org>

⁶ PJM is the PJM Interconnection, which is the RTO to which ComEd belongs. PJM coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. Originally, it operated within Pennsylvania, New Jersey, and Maryland; hence the name, PJM. <http://www.pjm.com/>

⁷ ComEd has been authorized by previous approved procurement plans to satisfy resource adequacy requirements through payments directly to PJM, derived through PJM’s Reliability Pricing Model (“RPM”).

Competition Act”) in 2007 reiterating “its findings from the Electric Service Customer Choice and Rate Relief Law of 1997 that the Illinois Commerce Commission should promote the development of an effectively competitive retail electricity market that operates efficiently and benefits all consumers.” Public Act 94-1095 created the Office of Retail Market Development to actively seek out ways to promote retail competition in Illinois to benefit all consumers. The Office of Retail Market Development has spent much of its time with the implementation of Public Act 95-0700 (which became effective November 2007) requiring Commonwealth Edison and Ameren Illinois to provide utility consolidated billing and the purchase of RES receivables. The requirements of Public Act 95-0700 were designed to remove some barriers to competition for residential and small commercial customers in Illinois. Ameren implemented a utility consolidated billing and purchase of receivables program on October 17, 2009. ComEd’s consolidated billing and purchase of receivables program was implemented its program on December 21, 2010. Public Act 95-0700 also requires Ameren Illinois and ComEd to implement a purchase of uncollectibles or POU program. The Commission approved the Ameren Illinois program on November 8, 2011 and the program has since been implemented. ComEd filed its POU tariffs on May 15, 2011 and the Commission entered an order approving the program in March 2012.

In the Commission’s Order on August 19, 2009 approving the Ameren Illinois Utilities’ consolidated billing and purchase of receivables program, the Commission concluded that, “consumer education and protection are both very important to any program implementing customer choice, particularly for smaller customers.” Staff was ordered to submit a proposed First Notice Rule of consumer protections and education measures by the end of 2009. Staff submitted to the Commission proposed obligations of retail electric suppliers which include additional consumer protections and education measures. On December 2, 2009, the Commission entered a First Notice Rule and initiated a Docket to provide interested parties further opportunities to comment on Staff’s proposal. On November 22, 2011 the Commission entered a Second Notice Order and submitted the rule to the Joint Committee on Administrative Rules of the Illinois General Assembly, pursuant to Section 5-40(c) of the Illinois Administrative Procedure Act. Additional obligations of RESs included in the proposed rules include uniform disclosures, marketing requirements, a “Do Not Market List”, training requirements for sales agents, a longer rescission period, record retention and availability requirements, notification of contract renewal and dispute resolution procedures. On December 5, 2012, the Commission entered a final order adopting Illinois Administrative Code Part 412 Obligations of Retail Electric Suppliers.

On July 31, 2012, the Commission entered an order initiating a proceeding to develop rules regarding municipal aggregation to implement the appropriate provisions of the Illinois Power Agency Act and the Public Utilities Act. On November 1, 2012, Staff filed its comments including a draft rule and on November 6, 2013, the Commission entered its First Notice Order. The municipal aggregation rulemaking proceeding is ongoing in ICC Docket No. 12-0456.

DISCUSSION OF THE QUALITY, AVAILABILITY, AND PRICE OF UTILITY SERVICES BY GEOGRAPHIC AREA

ELECTRICITY

Four investor-owned public utilities provide electric service to retail customers in the State of Illinois:⁸

Ameren Illinois Company
Commonwealth Edison Company
MidAmerican Energy Company
Mt. Carmel Public Utility Company

Municipal systems and electric cooperatives also provide electric service in Illinois; these municipal systems and electric cooperatives are not subject to regulation by the Commission.⁹

A detailed presentation of the 2012 sales statistics presented below can be found in the Commission’s “Comparison of Electric Sales Statistics for Calendar Years 2012 and 2011” at <http://www.icc.illinois.gov/publicutility/salesstatistics.aspx>.

⁸ On October 1, 2010, AmerenCILCO, AmerenCIPS, and AmerenIP merged into one operating company based in Peoria, called Ameren Illinois Company.

⁹ Data concerning quality, availability, and price for these municipal electric systems and electric cooperatives are not reported to the Commission and are not included in this report.

Northern Illinois

Two investor-owned public utilities provide electric service in northern Illinois: Commonwealth Edison Company, and MidAmerican Energy Company. Commonwealth Edison Company serves 3,828,849 customers in the northern Illinois, including the Chicago metropolitan area. MidAmerican Energy Company serves 84,952 customers in northwestern Illinois.

For 2008 through 2012, these two utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Commonwealth Edison	11.06	10.91	11.44	11.77	11.56
MidAmerican Energy	6.06	6.07	6.19	6.21	6.50

Central Illinois and Southern Illinois

Two investor-owned public utilities provide electric service to central and southern Illinois: Ameren Illinois Company (AmerenIL) and Mt. Carmel Public Utility Company. AmerenIL serves 1,213,560 customers in central and southern Illinois. Mt. Carmel Public Utility Company serves 5,401 customers in southeastern Illinois.

For 2008 through 2012, these utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
AmerenCILCO	9.52	9.38			
AmerenCIPS	9.91	9.69			
AmerenIP	10.62	10.87			
AmerenIL			9.69	9.46	8.94
Mt. Carmel	12.36	12.82	12.45	12.53	13.07

The bundled service price of electricity sold by these electric utilities varied between utilities and within utilities depending upon the class of customer served.

Electric Reliability

Pursuant to Section 16-125 of the Public Utilities Act and the Commission's electric reliability rules found in 83 Ill. Adm. Code 411, each of the electric utilities under the Commission's jurisdiction files an annual electric reliability report summarizing the utility's reliability performance, its actions to maintain or improve its reliability, and other electric system reliability issues that may be specific to the utility. Ameren Illinois Company (AIC), Commonwealth Edison Company (ComEd), MidAmerican Energy Company (MEC), and Mount Carmel Public Utility Company (MCPU) filed annual electric reliability reports in 2012.¹⁰ The annual electric reliability reports can be found on the Commission's web site at: <http://www.icc.illinois.gov/electricity/electricreliability.aspx>.

The following table presents the annual CAIDI each utility reported for the years 2008 through 2012. CAIDI, expressed in minutes, provides the average duration of interruptions that customers of each of the reporting electric utilities experienced. CAIDI is calculated by dividing the annual sum of all customer interruption durations by the total number of customer interruptions.

CAIDI					
	2008	2009	2010	2011	2012
AmerenCILCO	303	197	188		
AmerenCIPS	222	462	107		
AmerenIP	198	187	166		
Ameren Illinois Company ¹	227	297	152	234	136
Commonwealth Edison Company	180	112	181	366	196
MidAmerican Energy Company	880	106	172	87	84
Mt. Carmel Public Utility Company	69	76	121	154	93

The following table presents the annual SAIFI each utility reported for the years 2008 through 2012. SAIFI provides the average number of electric service interruptions that customers of each of the reporting electric utilities experienced. SAIFI is calculated by dividing the total number of customer interruptions that occurred on the utility's system by the total number of customers that the utility served (as with CAIDI, a lower value means better reliability).

SAIFI					
	2008	2009	2010	2011	2012
AmerenCILCO	1.75	1.37	1.33		
AmerenCIPS	1.88	1.51	1.13		
AmerenIP	1.41	0.99	1.08		
Ameren Illinois Company ¹	1.62	1.22	1.14	1.35	1.05
Commonwealth Edison Company	1.33	1.01	1.35	1.57	1.16
MidAmerican Energy Company	4.17	2.51	2.99	2.04	2.36
Mt. Carmel Public Utility Company	4.30	2.32	4.89	6.26	3.57

¹⁰ In October of 2010, the three separate Ameren electric and gas utilities in Illinois – Central Illinois Light Company (d/b/a AmerenCILCO), Central Illinois Public Service Company (d/b/a AmerenCIPS), and Illinois Power company (d/b/a AmerenIP) – merged into a single electric and gas utility called Ameren Illinois Company ("AIC"). For 2011 and 2012, AIC reported electric reliability data for its single electric service area rather than separate data for each of its three legacy utilities.

NATURAL GAS

Nine (9) investor-owned gas public utilities currently provide natural gas service in the State of Illinois:

AmerenIllinois
Consumers Gas Company
Illinois Gas Company
Liberty Energy
MidAmerican Energy Company
Mt. Carmel Public Utility Company
Nicor Gas Company
North Shore Gas Company
Peoples Gas Light and Coke Company.

Municipal gas systems and gas cooperatives also provide natural gas service in Illinois; these municipal gas systems and gas cooperatives are subject to regulation by the Commission.¹¹

During 2013, natural gas service was available without major interruption to all firm customers served by these nine Illinois gas utilities. A considerable number of commercial and industrial customers chose to purchase gas directly from wholesale suppliers and use the local gas utility as a transporter. Additionally, residential customers served by Nicor Gas Company, North Shore Gas Company, Peoples Gas Light and Coke Company are allowed to purchase gas directly from wholesale suppliers. During 2014, sufficient supplies of natural gas are expected to be available to all customers.

A detailed presentation of the 2012 sales statistics presented below can be found in the Commission's "Comparison of Gas Sales Statistics for Calendar Years 2012 and 2011" at <http://www.icc.illinois.gov/publicutility/salesstatistics.aspx?type=g>.

Northern Illinois

Four public utilities distribute and sell natural gas in northern Illinois: MidAmerican Energy Company, Nicor Gas Company, North Shore Gas Company, and Peoples Gas Light and Coke Company.

Nicor Gas Company is the largest gas distribution company in the state and provides service to 1,919,405 customers in northern Illinois. Peoples Gas Light and Coke Company, which serves the City of Chicago, has 780,404 customers. North Shore Gas Company serves 147,109 gas customers in communities north of the Chicago area. Finally, MidAmerican Energy Company serves 65,438 customers in northwestern Illinois.

As with the price of electricity, the price of gas varies among utilities and is generally determined by the suppliers of natural gas that serve the local distribution company.

For 2008 through 2012, these four utilities charged the following average prices shown in cents per therm:

	2008	2009	2010	2011	2012
MidAmerican	107.78¢	76.94¢	84.11¢	82.47¢	78.36
Nicor Gas	101.23	68.26	75.65	68.50	58.26
North Shore	118.71	89.93	89.86	82.56	75.88
Peoples Gas	128.48	96.14	96.54	87.85	86.25

Central Illinois

One public utility distributes and sells natural gas in central Illinois: AmerenIL. AmerenIL provides gas service to 805,990 customers, making it the second largest gas utility in the state.

For 2008 through 2012, these utilities charged the following average prices shown in cents per therm

¹¹ Data concerning quality, availability, and price for these municipal gas systems and gas cooperatives are not reported to the Commission and are not included in this report.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
AmerenCILCO	117.37¢	93.45¢			
AmerenCIPS	127.56	106.65			
AmerenIP	125.02	105.11			
AmerenIL			101.90	101.23	99.82
					105.08

Southern Illinois

Gas distribution and sale of natural gas is provided in southern Illinois by AmerenIL as discussed above, and the following four smaller distribution companies: Consumers Gas Company, Illinois Gas Company, Liberty Energy, and Mt. Carmel Public Utility Company. Liberty Energy provides service to 22,421 customers in a number of distinct service areas in southern Illinois. Illinois Gas Company serves 9,646 customers in the Lawrenceville-Olney area. Consumers Gas Company serves 5,421 customers in the Carmi area. Finally, Mt. Carmel Public Utility Company serves 3,518 customers in the Mt. Carmel area.

For 2008 through 2012, these four utilities charged the following average prices shown in cents per therm

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Consumers Gas	127.28¢	102.27¢	90.97¢	81.48¢	81.70
Illinois Gas	131.81	91.05	89.15	84.04	78.84
Liberty Energy	126.50	91.08	88.26	91.53	84.81
Mt. Carmel	139.36	131.74	119.80	98.28	88.94

Table 2-2

The price of gas sold by the gas utilities varied between utilities and within utilities depending upon the class of customer served. A major portion of the price per therm of gas is determined by the suppliers of natural gas that serve the local distribution company. Table 2-2 shows detailed 2012 price per therm information for all gas utilities under the Commission's jurisdiction.

Table 2-2
Illinois Gas Utilities
Revenue in Cents per Therm by Class of Service and by Company
2012

	<u>Ameren IL</u>	<u>Consumers Gas</u>	<u>Illinois Gas</u>	<u>Liberty Energy</u>	
Residential Sales	112.65	82.69	89.49	93.24	
Small (or Commercial) Sales	101.73	77.55	78.14	62.30	
Large (or Industrial) Sales	45.41	86.19	58.58	129.93	
Other Sales To Public Authorities	43.22		-	86.91	
Total Sales To Ultimate Customers	105.08	81.70	78.84	84.81	
	<u>Mid- American</u>	<u>Mt. Carmel</u>	<u>Nicor Gas</u>	<u>North Shore Gas</u>	<u>Peoples Gas</u>
Residential Sales	86.90	92.85	59.02	77.48	89.16
Small (or Commercial) Sales	67.09	80.74	56.17	68.67	72.83
Large (or Industrial) Sales	42.54	-	50.64	62.75	66.32
Other Sales To Public Authorities	-	-	-	-	-
Total Sales To Ultimate Customers	78.36	88.94	58.26	75.88	86.25

WATER AND SEWER UTILITIES

Overview

The Commission currently regulates 24 water, 3 sewer, and 11 combined water and sewer investor-owned utilities. While the number of investor-owned utilities is a small percentage of the 1,755 community public water suppliers and 850 public sanitary sewage systems with treatment facilities in the state, these investor-owned utilities provide water service to approximately 924,000 people and sewer service to approximately 114,000 people. Investor-owned water utilities serve 7.7% of all persons in Illinois receiving water service from community public water supplies. These investor-owned water and sewer utilities serve customers in 35 counties and are primarily concentrated in the Chicago metropolitan area. The number of water and sewer customers served by each investor-owned utility ranges from 24 to 308,117. Only seven investor-owned water utilities and three investor-owned sewer utilities serve more than 1,000 customers. See Table 2-3 for a comparison of bills for investor-owned water utilities providing service to 1,000 customers or more.

The Commission has continued its efforts to reduce the number of small utilities. Small utilities, due to their limited number of customers, typically have difficulties generating sufficient revenues to maintain the system and to hire employees with the necessary expertise to function efficiently as an investor-owned utility. The Commission has found that, in most cases, customers receive better service from larger utilities due to the economies of scale. The Commission has promoted acquisitions or mergers of small systems by larger municipal and investor-owned utilities to take advantage of these economies of scale. Larger investor-owned utilities may also acquire utility systems of small municipalities for the same purpose. When acquisitions and mergers are not practical, the possibility exists of operating a small system as a mutual operation by a homeowners association. Mutual operations, which are exempt from Commission jurisdiction, often result in lower costs to customers for small systems. This type of activity was evident during 2013:

- The Water Engineering Program continued to work with the owners of Colonial Meadows Water Company, Eastwood Manor Water Company, Nunda Utility Company, Crystal Clear Water Company, McHenry Shores Water Company, Rockvale Corporation, Forestview Utilities Corporation, and Powers Water Company, Inc., whom expressed a desire to sell these small, struggling investor-owned water and sewer utilities in McLean, McHenry, Ogle, Woodford, and Kane Counties.
- In August, the Commission issued a Certificate of Public Convenience and Necessity to Illinois-American Water Company, which acquired the water system of the City of Grafton, a small municipality in Jersey County (Docket No. 13-0073). Illinois-American previously supplied water to Grafton on a wholesale basis.
- In September, the Commission issued a Certificate of Public Convenience and Necessity to Aqua Illinois, Inc., which acquired the water and wastewater systems of Woodlawn Utilities Corporation and the water system of Nordic Park Water and Sewerage Disposal Company, Inc., small investor-owned water and sewer utilities in Ogle and Winnebago Counties (Docket No. 13-0155).
- In October, the Commission issued a Certificate of Public Convenience and Necessity to Aqua Illinois, Inc., which acquired the wastewater system of the Village of Sun River Terrace, a small municipality in Kankakee County (Docket No. 13-0308). Aqua Illinois had previously acquired the water system of Sun River Terrace in 2008.
- Also in October, Galena Territory Utilities, Inc., a subsidiary of Utilities, Inc., filed an application to acquire the water and wastewater systems of the Village of Oakwood, a small municipality in Vermilion County (Docket No. 13-0564), and Aqua Illinois, Inc. filed an application to acquire the water system of McHenry Shores Water Company, a small investor-owned water utility in McHenry County (Docket No. 13-0595).

Regulatory Activities

The Commission issued Orders and approvals in the following rate cases:

- In January, approved revised tariffs increasing water rates for Lake Marian Water Corporation and Wildwood Water Service Company, two subsidiaries of Utilities, Inc., through the Simplified Rate Case Procedures
- In February, approved revised tariffs increasing water rates for Holiday Hills Utilities, Inc., a subsidiary of Utilities, Inc., through the Simplified Rate Case Procedures
- In August, issued an Order approving a water rates increase for Apple Canyon Utility Company and Lake Wildwood Utilities Corporation, two subsidiaries of Utilities, Inc. (Docket Nos. 12-0603 and 12-0604 consolidated)
- In December, approved revised tariffs increasing water rates for Powers Water Company, Inc. through the Simplified Rate Case Procedures

In addition to the above rate cases, in September 2013, Crystal Clear Water Company and Nunda Utility Company filed applications for a general water rate increase using the Simplified Rate Case Procedures.

Some investor-owned utilities continue to use purchased water and sewage treatment surcharges and qualifying infrastructure plant surcharges. Purchased water and sewage treatment surcharges allow utilities to pass their cost of purchasing water or sewage treatment directly to the end-use customers. Qualifying infrastructure plant surcharges allow utilities to recover the cost of replacement mains, services, meters, and hydrants until such time that those investments are placed into rate base through the rate setting process. Currently, Harbor Ridge Utilities, Inc. and Illinois-American Water Company have purchased sewage treatment surcharges; Charmar Water Company, Del-Mar Water Company, Illinois-American Water Company, and Aqua Illinois, Inc., have purchased water surcharges; and Aqua Illinois, Inc. and Illinois-American Water Company have qualifying infrastructure plant surcharges.

Discussion of Water and Sewer Utilities

Water supplies for investor-owned water utilities were generally adequate in 2013.

Two of the larger investor-owned water utilities serve municipalities adjacent to the state's major rivers; these utilities use the rivers as their source of water supply. River supplies are generally adequate. When treated, the river water meets the standards established by the Illinois EPA.

Most of the smaller investor-owned water utilities serve unincorporated residential developments, often a single subdivision, and are typically located in the northern half of the state. Wells serve as the source of water supply for all small systems. Well water quality varies considerably, and well water can contain undesirable minerals such as iron, manganese, and calcium; these minerals, while not unsafe to health, do cause aesthetic problems. Aesthetic problems have caused several well systems located in the Chicago metropolitan area to obtain Lake Michigan water.

Bills for water service typically reflect a flat meter charge and a volumetric charge. Utilities that incorporate multiple volumetric charges use a declining block rate structure. Two of the large investor-owned water utilities also charge for providing fire protection service. The water rates vary considerably and depend on many factors, including the age of the water treatment plant and treatment process, the source of the water supply, and the need for infrastructure improvements. Overall, water bills for residential customers average \$40 to \$45 per month.

Of the 14 investor-owned utilities that provide sewer service, only three systems provide service to more than 1,000 customers. Due to the prohibitive cost of constructing new sewage treatment plants for a limited number of customers, the smallest sewer systems have, where possible, sought treatment from nearby regional plants. For example, sewer utilities located within the boundaries of the Metropolitan Water Reclamation District of Greater Chicago ("MWRD") discharge their wastewater to the MWRD for treatment. The investor-owned sewer utilities provide sewer service primarily to residential customers and serve a very limited number of commercial and industrial customers.

Bills for sewer service typically reflect flat rate charges or volumetric charges based on water usage, since metering of sewage flow is uneconomical and impractical for residential customers. The sewer rates vary considerably and depend on many factors, including the age of the sewage treatment plant and treatment criteria for the receiving stream. Overall, sewer bills for residential customers average \$35 to \$40 per month.

Table 2-3

Table 2-3 presents a comparison of monthly bills for residential customers of investor-owned water utilities providing service to 1,000 customers or more.

Table 2-3
Illinois Water Utility Rate Areas Serving 1,000 or More Customers
Comparison of Monthly Bills — Residential Customers with 5/8 Inch Meters
Based upon Rates in Effect on November 30, 2013

Area of State/ Utilities/ Service Areas	Total Number of Customers	Bill Comparison Based upon Water Usage		
		1,000 Gallons	5,000 Gallons	10,000 Gallons
NORTHERN				
Apple Canyon	2,666	\$ 26.34	\$ 53.18	\$ 86.73
Aqua Illinois				
Candlewick	1,839	20.71	39.59	63.19
Kankakee	28,667	25.48	47.94	76.00
University Park	2,396	19.89	32.99	49.37
Willowbrook	1,017	28.79	54.95	87.64
Galena Territory	2,254	19.59	46.47	80.07
Illinois-American				
Chicago Metro				
Well Water	1,553	28.23	48.75	74.39
Lake Water				
Chicago Suburban	4,314	41.86	65.99	96.14
DuPage County	6,201	37.95	68.90	107.95
Fernway	1,980	30.64	60.49	97.79
Sante Fe/SW & W Suburban	29,236	32.92	72.21	121.31
South Beloit	2,772	25.67	47.04	73.75
Sterling	6,445	25.16	45.68	71.33
Streator	7,425	25.73	46.25	71.90
Lake Holiday	2,043	9.98	29.02	52.82
Lake Wildwood	1,423	38.72	67.32	103.07
Whispering Hills	2,370	16.61	32.11	51.48
CENTRAL				
Aqua Illinois				
Vermilion	20,350	28.22	55.02	88.52
Illinois-American				
Champaign	52,173	25.19	45.71	71.36
Lincoln	5,758	26.03	45.00	68.71
Pekin	14,037	26.12	37.32	51.32
Peoria	52,478	25.91	46.43	72.08
Pontiac	4,288	25.25	45.77	71.81
SOUTHERN				
Illinois-American				
Alton	17,527	25.02	45.54	71.19
Cairo	1,045	33.70	54.22	79.86
Interurban	67,598	24.91	45.42	71.07

FINANCIAL HEALTH OF THE UTILITY INDUSTRY IN ILLINOIS

Credit ratings are the single most comprehensive and widely accepted measure of the financial condition of a business enterprise. Several independent financial research firms provide rating services, which categorize corporate debt issues based on default risk. All of the major electric and natural gas utilities serving Illinois have ratings assigned to their debt issues.

There is no formula for determining credit ratings. In assigning ratings to a firm's debt, rating agencies consider both qualitative and quantitative factors. For a public utility, rating agencies review financial information, which can be separated into six categories: debt leverage, construction and asset concentration risks, earnings protection, financial flexibility and capital attraction, cash flow adequacy, and accounting quality. Non-financial rating criteria include service territory characteristics, fuel supply and generating capacity, operating efficiency, regulatory treatment, and management.

Standard and Poor's defines its highest issuer credit ratings as follows:

AAA

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

(Source: Standard & Poor's, RatingsDirect on the Global Credit Portal, August 20, 2010, pp. 3-4)

The following table shows the average nationwide electric utility industry credit rating, as well as the ratings for the three major electric utilities serving the State of Illinois. The majority of the operations of MidAmerican Energy Company are in other states.

**Standard and Poor's Electric Utility Credit Ratings
November 2009 through December 2013**

	2009	2010	2011	2012	2013
Electric Utility Industry Average	BBB	BBB	BBB	BBB	BBB
Ameren Illinois		BBB-	BBB-	BBB-	BBB+
AmerenCILCO	BBB-				
AmerenCIPS	BBB-				
AmerenIP	BBB-				
Commonwealth Edison	BBB	BBB	BBB	BBB	BBB
MidAmerican	A-	A-	A-	A-	A-

In October 2010, AmerenCILCO, AmerenCIPS and AmerenIP were merged into Ameren Illinois. Standard & Poor's raised Ameren Illinois' credit rating during 2013 as a consequence of Ameren's sale of its merchant generation business to Dynegy.

The next table below presents credit ratings for the three major natural gas distribution utilities serving the State of Illinois and the average credit rating for the nationwide natural gas distribution industry.

**Standard and Poor's Gas Utility Credit Ratings
November 2009 through December 2013**

	2009	2010	2011	2012	2013
Gas Distribution Industry Average	A-	A-	A-	A-	A-
Nicor Gas	AA	AA	AA	BBB+	BBB+
North Shore	BBB+	BBB+	BBB+	A-	A-
Peoples Gas	BBB+	BBB+	BBB+	A-	A-

Standard & Poor's downgraded Nicor Gas' credit rating from AA to BBB+ following AGL Resources' acquisition of Nicor Gas in December 2011.

Illinois-American Water, the largest water utility serving the State of Illinois, raises debt through a financing affiliate, American Water Capital. None of the water utilities serving Illinois has its own credit ratings. The next table presents credit ratings for American Water Capital and the average credit rating for the nationwide water utility industry.

**Standard and Poor's Gas Utility Credit Ratings
November 2009 through December 2013**

	2009	2010	2011	2011	2013
Water Industry Average	BBB+	BBB+	A-	A-	A-
American Water Capital	A-	A-	A-	A-	A-

SECTION 3

A Discussion of Energy Planning

(3) A Specific Discussion of the Energy Planning Responsibilities and Activities of the Commission and Energy Utilities Including:

(a) The extent to which conservation, cogeneration, renewable energy technologies and improvements in energy efficiency are being utilized by energy consumers, the extent to which additional potential exists for the economical utilization of such supplies, and a description of existing and proposed programs and policies designed to promote and encourage such utilization;

(b) A Description of each Energy Plan filed with the Commission pursuant to the Provisions of this Act and a copy or detailed summary of the most recent energy plans adopted by the Commission."

INTEGRATED RESOURCE PLANNING

Section 8-402 of the Public Utilities Act, which set forth the Commission's resource planning responsibilities, was repealed by P.A. 90-561, effective December 16, 1997. The Commission disbanded the Energy Programs Division immediately thereafter.

COGENERATION

Commission Rule

The rules, for the transfer of electric power between independent generating facilities and regulated electric utilities in Illinois, are established by 83 Ill. Adm. Code 430. All utilities operating in Illinois must abide by these rules except for cooperatives and municipal utilities, both of which are not regulated by the Commission.

The most important portion of the rules is the requirement that a utility must purchase cogenerated power at a price commensurate with the utility's avoided cost. Table 3-1 lists the 2013 avoided costs as filed annually by Illinois electric utilities.

Special Rates

Cogeneration/self generation displacement and deferral rates can be in the form of special contracts or designed as tariffs. In each case, the Commission's position has been to promote economic cogeneration or self generation, while avoiding uneconomic bypass of a utility's system. When the cogeneration or self generation discount rate brings a customer's individual rate closer to the utility's marginal cost of providing service, uneconomic bypass is less likely to occur.

**Table 3-1
Illinois Electric Utilities
Avoided Cost Rate Structure
2013**

<u>Electric Utility</u>	<u>Summer Rates</u>	<u>Winter Rates</u>
AmerenIL		
On-Peak	4.923¢/kWh	3.592¢/kWh
Off-Peak	2.755¢/kWh	2.915¢/kWh
Commonwealth Edison		
On-Peak	4.426¢/kWh	3.712¢/kWh
Off-Peak	2.826¢/kWh	2.748¢/kWh
MidAmerican Energy		
On-Peak	2.990¢/kWh	2.060¢/kWh
Off-Peak	1.480¢/kWh	1.120¢/kWh
Mt. Carmel Public Utility		
On-Peak	4.0540¢/kWh	4.0540¢/kWh
Off-Peak	4.0540¢/kWh	4.0540¢/kWh

Source: Annual filings of Illinois electric utilities pursuant to 83 Ill. Adm. Code 430.110.

Please note: Time differentiated rate pricing is shown at transmission or subtransmission levels where possible; additional credits are available at lower voltages, loads, and times (except for Mt. Carmel). See each utility filing for exact avoided energy costs under specific conditions

SECTION 4

**Availability of
Utility Services to
All Persons**

(4) A discussion of the extent to which utility services are available to all Illinois citizens including:

(a) Percentage and number of persons or households requiring each such service who are not receiving such service, and the reasons therefore, including specifically the number of such persons or households who are unable to afford such service.

(4-b) a critical analysis of existing programs designed to promote and preserve the availability and affordability of utility services.

The information necessary to determine the number of persons lacking utility service within the state is difficult to obtain. Part of the difficulty is that all utility companies within the state track accounts by residence and not by customer name. Thus, a utility could determine if a particular residence was disconnected and therefore no longer receiving service, but the utility would have no way of knowing whether that household regained service under another name in its own service territory or perhaps under the same name in a different service territory. In addition, persons disconnected might also move in with an acquaintance already receiving service or they might acquire service supplied by an electric co-operative or municipality over which we have no jurisdiction. Further, if the intent of the question is to ascertain the number of persons without access to a source of heat, the existence of non-utility sources such as wood stoves and kerosene heaters would further complicate the answer, thus the myriad of possibilities makes a truly accurate figure very elusive.

Although the Commission has limited resources available to determine the number of persons within the state lacking some type of utility service, and granting the uncertainty in accuracy of such a statistic, an estimate may be obtained by analyzing the disconnection and reconnection data provided to the Commission by all utilities.

To determine a rough estimate of the number of persons lacking utility service, one can look at the aggregate disconnection/reconnection figures for a 12-month period. The results for the period of December 2012 through November 2013 are as follows.

The average heat related residential class customer base equaled 7,860,664 households. In this class, 249,827 accounts were disconnected and 164,277 were reconnected. This yields a 65.76 percent reconnection rate leaving 85,550 accounts not reconnected. The disconnected accounts represent 3.18 percent of the average residential customer base, while those accounts not reconnected represent a rate of 2.09 percent.

The Commission is aware of its obligations to minimize the dangers arising from unnecessary termination of gas and/or electric space heating service during the winter months. To minimize these dangers and be responsive to the needs of both Illinois consumers and the utilities that serve those consumers, the Commission has developed rules and regulations concerning the termination and reconnection of space heating service during the winter months. Many of these rules have since been enacted into law. In addition, the Commission has continued to refine its other rules regarding utility credit and collection activities to help Illinois utility consumers make timely payments on their obligations to utility companies and thus avoid termination of utility service. The following discussion is a synopsis of current regulations designed to promote and preserve the availability and affordability of residential utility services.

Temperature-Based Termination

If gas or electric service is the only source of space heating or if electricity is used to control the only space heating equipment such as an electric blower fan on a gas furnace, these services may not be disconnected on any day when the National Weather Service forecasts that the temperature for the next 24 hours will be 32 degrees or below, or on a day before a holiday or weekend when the weather is forecasted to be 32 degrees or below any time before the next business day.

If gas or electricity is used as the only source of space cooling or to control or operate the only space cooling equipment at a residence or master-metered apartment building, then a utility with over 100,000 residential customers may not terminate gas or electric utility service to the residential user, including all tenants of master-metered apartment buildings on a day when the

National Weather Service forecasts that the temperature for the next 24 hours will be 95 degree or above, or on a day before a holiday or weekend when the weather is forecasted to be 95 degrees or above any time during the holiday weekend.

Disconnection of Military Personnel on Active Duty

Utilities are prohibited from disconnecting gas and electric service to military personnel in military service for non-payment.

Disconnection of Certain Customers During the Winter Heating Season

Customers Receiving LIHEAP funds

During the winter heating season (December 1 through March 31) residential customers who receive Low Income Home Energy Assistance Program funds may not be disconnected if the services are used as the primary source of heating or to control or operate the primary source of heating.

Certain Electric Space-Heating Customers

During the winter heating season (December 1 through March 31) a public utility serving more than 100,000 electric customers may not be disconnect electric service to a residential space heating customer for non-payment.

Preferred Payment Date

Current residential customers who receive certain types of benefit checks out of cycle with their utility bills are allowed up to ten days subsequent to the customer's regular due date to make payment without penalty. This has benefited the low-income, elderly, and unemployed customers since they are able to avoid late payment charges and, in many cases, avoid paying a deposit to the utility.

Deferred Payment Agreement

This agreement allows a customer who owes the utility for a past due bill to maintain utility service by paying the past due amount in installments over a period of four to twelve months while continuing to pay current bills as they become due. Of the customers whose service was reconnected during the winter of 2012-2013 and who were given a payment plan, 48.54 percent were allowed six months or longer to pay the past due amount. Depending on the outstanding amount, the amount of the current bills, and the customer's income, this rule helps many customers, but it falls short of assisting those customers who simply have utility bills that are greater than their income can afford. Commission rules do allow for reinstatement after default and renegotiation of the payment agreement if the customer's financial circumstances change for the worse.

Reconnection

This rule provides that residential customers disconnected prior to the winter heating season and those customers disconnected during the winter heating season (December 1 through March 31) may be reconnected upon the payment of one third of the amount due to the company. If financial inability to pay this amount is shown, one-fifth of the amount owed may be paid. The customer then must enter into a payment plan to pay the balance of the outstanding amount owed to the utility. It should be noted that in many cases the amounts paid to have service restored are obtained through grants from community organizations or through the Low Income Home Energy Assistance Program (LIHEAP) administered by Department of Commerce and Economic Opportunity.

The reconnection rule further states that this provision is available between November 1 and April 1 of the current heating season; that reconnection under this provision cannot be used in two consecutive years; that the former customer must have paid at least one third of the amount billed subsequent to December 1 of the prior year; and that the program is not available if any evidence of tampering with the meter is discovered.

As required in the "winter reconnection" rule, on or about October 1, 2012, letters were sent to 42,757 former customers statewide who, according to utility records, were not then receiving heat related utility service. A total of 11,757 former customers requested that their service be reconnected. Of these, 4,434 customers were reconnected upon payment of the total bill and 5,363 were reconnected upon payment of a portion of the past due utility bill. Reconnection requests of 1,960 customers were denied. The reasons for denial are categorized as follows:

19 former customers failed to make a required down payment;

0 former customers failed to pay one-third of the amounts billed since December 1, 2011;

1,914 former customers had been reconnected under this rule last year; and
27 former customers resided where equipment tampering or diverted utility service was detected.

The above information indicates that 34,605 former customers did not respond to the inquiries posed by the utilities. It is impossible to determine whether these households are truly without utility service and, if so, why they do not have service.

Financial Assistance

ICC-regulated utilities participate in the Low Income Home Energy Assistance Program (LIHEAP) administered by the Department of Commerce and Economic Opportunity (DCEO). LIHEAP provides a one-time grant to eligible low-income customers.

The Percentage of Income Payment Plan (PIPP) was implemented effective September 2011 and became available for LIHEAP eligible households who are customers of one of the following utilities: Ameren Illinois, ComEd, Nicor Gas and Peoples Gas/North Shore Gas. Under PIPP, a customer pays a percentage of income, receives a monthly benefit towards his or her utility bill and, arrearage reduction for every on-time payment the customer makes. DCEO administers this program.

(4-c) an analysis of the financial impact on utilities and other ratepayers of the inability of some customers or potential customers to afford utility service, including the number of service disconnections and reconnections, and cost thereof and the dollar amount of uncollectible accounts recovered through rates.

THE FINANCIAL IMPACT OF UNCOLLECTIBLE EXPENSES

Uncollectible expense for utilities represents revenue billed but not received for services rendered. Efforts are made to recover such revenue, but, after a certain period of time and effort, unpaid amounts are charged as an expense and recovered in the regular rates charged to all customers.

Public Act 96-0033 (SB 1918), signed into law on July 10, 2009, added Sections 16-111.8 (concerning electric utilities) and 19-145 (concerning gas utilities) to the PUA. These sections provide that an electric or gas utility shall be permitted to recover through an automatic adjustment clause the incremental difference between its actual uncollectible amount and the uncollectible amount included in rates. AmerenCILCO, AmerenCIPS, AmerenIP, ComEd, Peoples Gas, North Shore Gas, and Nicor Gas have tariffs on file with the Commission to enact the uncollectibles automatic adjustment clauses.

CONSUMER EDUCATION ACTIVITIES

Electric Customer Choice—"Plug In Illinois"

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state's electric utility industry. Section 16-117 of the Public Utilities Act requires the Illinois Commerce Commission to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights, and responsibilities.

The ICC Plug In Illinois website, located at www.pluginillinois.org, is updated as information changes and contains an overview of customer choice, guidelines for choosing an electric supplier including residential prices to compare for Ameren Illinois and Commonwealth Edison customers, a listing of RES offers for comparison and a list of municipalities pursuing aggregation programs.

Natural Gas Choice

In some parts of Illinois, natural gas utilities voluntarily offer their residential and small retail commercial customers the opportunity to choose their supplier of natural gas. Alternative Gas Suppliers offering service to these customers must be certified by the ICC. In accordance with Section 19-125 of the Public Utilities Act, the Commission website includes consumer education information to help residential and small commercial customers understand their gas supply options and their rights and responsibilities. The educational information includes choices available, guidance for selecting an alternative gas

supplier, comparisons of the prices and terms of products offered by alternative suppliers and procedures for consumers to address complaints.

SECTION 5

**Implementation of
The Commission's
Statutory
Responsibilities**

(5) A detailed description of the means by which the Commission is implementing its new statutory responsibilities under this Act, and the status of such implementation, including specifically:

(5-a) Commission reorganization resulting from the addition of an Executive Director and hearing examiner qualifications and review.

COMMISSION REORGANIZATION

During 2013, there were no organizational changes resulting from statutory responsibilities. Various changes made since the passage of the new Public Utilities Act have been reported in previous Commission annual reports.

(5-b) Commission responsibilities for construction and rate supervision, including construction cost audits, management audits, excess capacity adjustment, phase-ins of new plant and the means and capability for monitoring and reevaluating existing or future construction projects.

CONSTRUCTION AUDITS

Statutory Requirements

Section 8-407(b) and 9-213 of the 1986 Public Utilities Act grants the Commission the authority to conduct construction audits. Pursuant to Section 8-407(b), the Commission, after granting a certificate of public convenience and necessity for the construction of a new electric generating facility, is granted the authority to perform construction cost audits at any time during construction whenever the Commission has cause to believe that such an audit is necessary or beneficial to the efficiency or economy of construction.

Section 9-213 requires the Commission to perform an audit of the cost of new electric utility generating plants and significant additions to electric utility generating plants to determine if the cost is reasonable prior to including such construction costs in rate base.

Section 8-407 (b) and 9-213 both grant the Commission the authority to engage independent consultants to perform these audits. If an independent consultant performs a construction audit, the cost will be borne initially by the utility, but shall be recoverable as an expense through normal ratemaking procedures.

Commission Responsibilities

In order to comply with the Public Utilities Act, the Commission must monitor the major construction activities of all electric utilities within the state to assure that such construction is efficient and economical. The Commission is also required (Sec. 8-407(a)) to reevaluate the propriety and necessity at least every two years of each certificate of necessity issued for the construction of a new electric generating facility. In order to comply with the above responsibilities, the Commission has the authority to conduct construction cost audits.

Section 8-407 (b) Activities

No activities were required during 2013.

Section 9-213 Activities

No activities were required during 2013.

MANAGEMENT AUDITS

Statutory Requirements

The Commission has authority under Section 8-102 of the Public Utilities Act to conduct management audits of public utilities. The Commission may choose to conduct the audits with its own staff or it may contract with independent consultants to perform the management audits. Prior to initiating an audit of a utility, the Commission must determine that reasonable grounds exist to believe an audit is necessary or cost-beneficial.

The statute allows for the costs associated with the use of independent consultants to be borne by the utilities with recovery provided through the normal ratemaking process.

Commission Responsibilities

Prior to initiating a management audit or investigation of a utility, the Commission must have "reasonable grounds to believe that such audit or investigation is necessary to assure that the utility is providing adequate, efficient, reliable, safe, and least-cost service and charging only just and reasonable rates therefore, or that such audit or investigation is likely to be cost beneficial in enhancing the quality of such service or the reasonableness of rates therefore." The Commission shall "issue an order describing the grounds for such audit or investigation and the appropriate scope and nature of such audit or investigation."

On May 5, 2010, the Commission entered an Amendatory Order in Docket No. 09-0319, a proceeding involving Illinois-American Water Company's ("IAWC") proposed general increase in water and sewer rates, in which the Commission ordered that a management audit ("Audit") be performed to compare the cost of each service obtained from the Service Company to the costs of such services had the services been obtained through competitive bidding on the open market. The matter was docketed as Docket No. 10-0366. A request for proposal ("RFP") was issued September 17, 2010 but no qualified bids were received. The RFP was reissued November 19, 2010 for bids to be received December 23, 2010. Northstar was selected to conduct the management audit. Staff delivered the final management audit report to the Commissioners on January 11, 2012. Initially, NorthStar designated the final Audit report as "Confidential" in its entirety. IAWC, in consultation with Staff and the Attorney General ("AG"), who had intervened in the proceeding, identified specific confidential and/or proprietary information contained in the final Audit report, and, on January 31, 2013, filed a modified public version of the report containing limited redactions governing only that information specifically designated as confidential and/or proprietary on the Commission's eDocket system. The Commission subsequently issued a Final Order in Docket No. 10-0366 on April 9, 2013. Docket No. 10-0366 is now closed.

Additionally, on May 11, 2012, Staff and the AG filed a Joint Motion for Entry of Evidence, asking that the final Audit report be moved into the evidentiary record in Docket No. 11-0767, a proceeding in which, on October 27, 2011, IAWC filed a proposed general increase in water and sewer rates pursuant to Section 9-201 of the Act. Staff and the AG also participated in that proceeding. On May 15, 2012, over IAWC's objection, the final Audit report was moved into the evidentiary record in Docket No. 11-0767. The Commission issued its Final Order in Docket No. 11-0767 on September 19, 2012. Docket No. 11-0767 is also closed.

EXCESS CAPACITY, USED, AND USEFUL

Section 9-215 of the Public Utilities Act gives the Commission the "power to consider, on a case by case basis, the status of a utility's capacity and to determine whether or not such utility's capacity is in excess of that reasonably necessary to provide adequate and reliable electric service". The Commission is also authorized to make adjustments to rates if a finding of excess capacity is made. This section conditions this authority for generating units whose construction programs started prior to the effective date of the current Act, January 1, 1986. That is, for generating units whose construction started prior to the effective date of the current Act, the Act requires that a determination of excess capacity or utility plant used and useful will be made from that which is appropriate under prior law.

No activities were required during 2013.

RATE MODERATION PLAN

The Public Utilities Act authorizes the Commission to consider the adoption of a rate moderation plan that would lessen rate impacts associated with new power plants coming into service. During 2013, no new power plants were placed in service in Illinois that fall under the Commission's jurisdiction. As a result, the Commission did not use its authority to adopt a rate moderation plan.

COST-BASED RATES

The Public Utilities Act considers cost-based rates an important component of equity for ratepayers. Specifically, the Act states that the cost of supplying public utility services should be allocated to those who cause the costs to be incurred [Section 1-102(d)(iii)]. The need to base rates on costs has increased as the utility environment becomes more competitive. A close relationship between rates and costs will discourage uneconomic bypass of the utility system by ratepayers. Uneconomic bypass is costly to the utility, ratepayers, and society as a whole.

The Commission made consistent progress towards the establishment of cost-based rates in utility rate cases that were concluded in 2013. The following is a list of the gas and electric rate cases handled by the Commission in 2013 (See Section 2 for list of water and sewer rate cases handled in this period:

Gas

In January 2013, Ameren Illinois filed a gas rate case (Docket No. 13-0192). The proposed tariffs were suspended by the Commission. An Order for this proceeding was approved in December 18, 2013.

Electricity

In December 2012, Mt. Carmel Public Utility Co. filed an electric (rate design only) rate case (Docket No. 13-0079). The proposed tariffs were suspended by the Commission. The Commission entered an order on November 6, 2013.

SEC. 16-108.5 ELECTRIC FORMULA RATE CASES & RECONCILIATIONS

The Public Utilities Act was amended in 2011 by Public Act 97-0616 to include a new provision under Sec. 16-108.5 that provides for participating electric utilities to file performance-based formula rates, allows for annual updates to those formula rates, and annual reconciliations of those rates.

In April 2013 Commonwealth Edison Co. (ComEd) filed its formula rate tariff (Docket No. 13-0318) for its distribution delivery services. The proposed tariffs were suspended by the Commission. The Commission entered an order on December 18, 2013.

In April 2013, Ameren Illinois filed its formula rate tariff (Docket No. 13-0301) for its distribution delivery services. The proposed tariffs were suspended by the Commission. The Commission entered an order on December 18, 2013.

In April 2013, ComEd filed its revenue-neutral rate design case required by Sec. 16-108.5(e). The proposed tariffs were suspended by the Commission. The Commission entered an order on December 18, 2013. The rate design changes will become effective beginning with the first billing day of January 2015 pursuant to the requirements of Sec. 16-108.5.

In July 2013, Ameren Illinois filed its revenue-neutral rate design case required by Sec. 16-108.5(e). The proposed tariffs were suspended by the Commission. The Commission will enter an order by March 19, 2014. The rate design changes will become effective beginning with the first billing day of January 2015 pursuant to the requirements of Sec. 16-108.5.

MERGERS

On April 18, 2012, Forestview Utilities Corporation ("Forestview") and North Forestview Properties, LLC ("NFP") and Central Illinois Land Incorporated ("CIL") filed a Joint Application for approval of NFP acquiring one hundred percent (100%) ownership of Forestview. The matter was docketed as Docket No. 12-0290. Company rebuttal testimony was filed August 31, 2012. The case is continued generally until an Order in Docket 12-0487, a docket to address a related affiliated agreement, is entered. At that time, Forestview will file an amended petition. The Commission entered an order July 31, 2013 approving the reorganization.

On May 13, 2013, Liberty Energy (Midstates) Corp. d/b/a Liberty Utilities filed for approval of a reorganization by way of merger involving Liberty Midstates' corporate prents Liberty Energy Utilities Co. and Liberty Utilities Co. The matter was docketed as Docket No. 13-0362. The Commission approved the reorganization on October 2, 2013.

On November 8, 2013, Utility Services of Illinois, Inc. and each of the twenty-three Illinois operating subsidiaries of Utilities Inc filed an application to approve an Agreement and Plan of Merger to consolidate the Illinois operating subsidiaries into one entity. The matter is docketed as Docket No. 13-0618 and has not yet been set for hearing.

ASSET TRANSFERS OR SALES

On June 13, 2013, Illinois American Water Company filed for approval to sell real estate to American Water Resources, an affiliate. The affiliate leased the property from the company. The Commission approved the transaction November 13, 2013.

On October 31, 2013, Illinois American Water Company filed for approval to sell real estate located in Will County. The property is currently the site of the company's central states wastewater treatment plant that is being decommissioned. The matter is docketed as Docket No. 13-0604 and has not yet been set for hearing.

INFORMATIONAL FILINGS

There were no informational notices filed with the Commission during 2013.

DECOMMISSIONING

During 2012, no Illinois electric utility billed its customers any charges for decommissioning. The last billing of decommissioning charges by any Illinois electric utility ceased on December 31, 2006.

(5-c) Promulgation and application of rules concerning ex parte communications, circulation of recommended orders and transcription of closed meetings.

The Commission's rules concerning ex parte communications (83 Ill. Adm. Code 200.710) and the circulation of recommended orders (83 Ill. Adm. Code 200.820) remained in effect in 2010 and were applied throughout the year. Closed meetings were transcribed verbatim as required by Section 10-102 of the Public Utilities Act.

SECTION 6

**Appeals from
Commission
Orders**

(6) A description of all appeals taken from Commission orders, findings or decisions and the status and outcome of such appeals.

This section includes appeals filed in 2013, decided appeals which were pending further action as of December 31, 2012, or appeals upon which judicial decisions were received in 2013. Excluded are appeals involving motor carriers, rail carriers, or other regulated transportation and all non-appeal judicial actions, such as enforcement and collection actions, employment suits, or federal administrative and judicial actions, in which the Commission may have participated as plaintiff, defendant, intervenor, or *amicus*. However, federal cases taken under 47 USC 252(e)(6) are included.

I. APPEALS INVOLVING PUBLIC UTILITIES FILED IN 2013

A. Under the Public Utilities Act, 220 ILCS 5

1. *Adams County Property Owners and Tenant Farmers vs. Illinois Commerce Commission, Ameren Transmission Co. of Illinois, et al.*

Illinois Appellate Court No. 4-13-0907
Ill.C.C. Docket No. 12-0598

Appeal from grant or denial of a Certificate of Public Convenience and Necessity, pursuant to 220 ILCS 5/8-406.1, and of an Order pursuant to 220 ILCS 5/8-503, to construct, operate and maintain a new high voltage electric service line and related facilities in the Counties of Adams, Brown, Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton, Macon, Montgomery, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott and Shelby, Illinois

Status: Cause is stayed pending completion of rehearing at Commission. On December 11, 2013, the Edgar County appeal (4-13-0917) was consolidated with this appeal.

2. *Ameren Illinois Company d/b/a Ameren Illinois vs. Illinois Commerce Commission, et al.*

Illinois Appellate Court No. 4-13-0029
Ill.C.C. Docket No. 12-0293

Appeal from first reconciliation of approved tariffs and charges established pursuant to Section 16-108.5 of the Public Utilities Act ("formula rates")

Status: Cause is fully briefed. Appeal was consolidated for argument and decision with Ameren's appeal from initial the establishment of its formula rates (Appeal No. 4-12-1008). On December 11, 2013, the Illinois Appellate Court for the Fourth District affirmed both of the underlying Commission orders. *See Item II. C. 1. a.*

3. *Cbeyond Communications, LLC vs. Illinois Commerce Commission and Illinois Bell Telephone Company d/b/a AT&T Illinois*

Illinois Appellate Court No. 1-13-1610
Ill.C.C. Docket No. 11-0696.

Appeal from grant or denial of a complaint brought pursuant to Sections 13-515 and 10-108 of the Illinois Public Utilities Act, 220 ILCS 5/13-515 and 10-108

Status: Cause is stayed pending decision of parallel case in federal court.
See Item I. B. 1. below.

4. *Citizens Utility Board vs. Illinois Commerce Commission, et al.*

Illinois Appellate Court No. 2-13-0817

Ill.C.C. Docket Nos. 01-0705, 02-0067 & 02-0725 (cons.)

Appeal from reconciliation of revenues collected under gas adjustment charges and Rider 4, pursuant to 220 ILCS 5/9-220 and 9-244(c)

Status: Cause is being briefed. Cause was consolidated with NIGAS' appeal (Appeal No. 2-13-0665) from the same orders, but NIGAS subsequently dismissed its appeal.

5. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-13-0302 and 1-13-0493 (cons.)
Ill.C.C. Docket No. 12-0321

Appeals from first reconciliation of approved tariffs and charges established pursuant to Section 16-108.5 of the Public Utilities Act ("formula rates")

Status: Briefing has been completed. Awaiting oral argument and/or judicial decision.

6. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-13-0544
Ill.C.C. Docket No. 12-0544

Appeal from approval of Illinois Power Agency's Procurement Plan, pursuant to 220 ILCS 5/16-111.5(d)

Status: Briefing has been completed. This appeal was consolidated with appeals from Illinois Competitive Energy Assn. (Appeal Nos. 1-13-0653 & 1-13-1063) and from Illinois Industrial Energy Consumers (Appeal Nos. 1-13-0632 & 1-13-1120). Awaiting oral argument and/or judicial decision.

7. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-13-2011
Ill.C.C. Docket No. 11-0588

Appeal from grant or denial of petition to determine the applicability Section 16-125(e) liability

Status: Cause is being briefed. Cause was consolidated with Commonwealth Edison's appeal from a separate Commission docket (Appeal No. 1-13-2012).

8. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-13-2012
Ill.C.C. Docket No. 11-0662

Appeal from grant or denial of petition to determine the applicability Section 16-125(e) liability

Status: Cause is being briefed. Cause was consolidated with Commonwealth Edison's appeal from a separate Commission docket (Appeal No. 1-13-2011).

9. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-13-2861
Ill.C.C. Docket No. 13-0034

Appeal from Phase 2 of the initial approvals for a proposed sourcing agreement, subject to 20 ILCS 3855/1-75(d)(3)

Status: Cause is stayed pending decision in appeals from Ill.C.C. Docket No. 12-0544, *Commonwealth Edison Co., et al. v. Illinois Commerce Commission, et al.*, Appeal Nos. 1-13-0544, 1-13-0632, 1-13-0653, 1-13-1063 & 1-13-1120 (cons.)

10. *Edgar County Citizens Are Entitled to Due Process vs. Illinois Commerce Commission, Ameren Transmission Co. of Illinois, et al.*

Illinois Appellate Court No. 4-13-0917

Ill.C.C. Docket No. 12-0598

Appeal from grant or denial of a Certificate of Public Convenience and Necessity, pursuant to 220 ILCS 5/8-406.1, and of an Order pursuant to 220 ILCS 5/8-503, to construct, operate and maintain a new high voltage electric service line and related facilities in the Counties of Adams, Brown, Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton, Macon, Montgomery, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott and Shelby, Illinois

Status: On December 11, 2013, this appeal was consolidated with earlier Adams County appeal (Appeal No. 4-13-0907). Causes are stayed pending completion of rehearing at Commission.

11. *Illinois Bell Telephone Company vs. Illinois Commerce Commission, et al.*

Illinois Appellate Court No. 1-13-2697

Ill.C.C. Docket No. 12-0550

Appeal from arbitration decision pursuant to Section 252(b) of the Telecommunications Act of 1996 to establish an interconnection agreement

Status: On October 17, 2013, the Appellate Court dismissed this appeal for lack of jurisdiction. On December 24, 2013, the Court vacated its dismissal order, recalled the mandate, stayed the case pending the outcome of the pending parallel review proceeding in 1:13-cv-06565 in the United States District Court for the Northern District of Illinois, and vacated the Appellate Court's previous stay of the Commission's underlying arbitration decision. See *Item I. B. 2. below*.

12. *Illinois Competitive Energy Assn. vs. Illinois Commerce Commission, et al.*

Illinois Appellate Court Nos. 1-13-0653 & 1-13-1063

Ill.C.C. Docket No. 12-0544

Appeal from approval of Illinois Power Agency's Procurement Plan, pursuant to 220 ILCS 5/16-111.5(d)

Status: Briefing has been completed. This appeal was consolidated with appeals from Commonwealth Edison Co. (Appeal No. 1-13-0544) and from Illinois Industrial Energy Consumers (Appeal Nos. 1-13-0632 & 1-13-1120). Awaiting oral argument and/or judicial decision.

13. *Illinois Industrial Energy Consumers vs. Illinois Commerce Commission, et al.*

Illinois Appellate Court Nos. 1-13-0632 & 1-13-1120

Ill.C.C. Docket No. 12-0544

Appeal from approval of Illinois Power Agency's Procurement Plan, pursuant to 220 ILCS 5/16-111.5(d)

Status: Briefing has been completed. These appeals were consolidated with appeals from Commonwealth Edison Co. (Appeal No. 1-13-0544) and from Illinois Competitive Energy Assn. (Appeal Nos. 1-13-0653 & 1-13-1063). Awaiting oral argument and/or judicial decision.

14. *Jamal Shehadeh v. Illinois Commerce Commission and Consolidated Communications Enterprise Services, Inc. d/b/a Consolidated Communications Public Services and d/b/a Consolidated Communications Network Services*

Illinois Appellate Court No. 4-13-0008

Ill.C.C. Docket No. 11-0685

Appeal from grant or denial of a consumer complaint brought under Section 10-108 of the Public Utilities Act, 220 ILCS 5/10-108

Status: Cause was dismissed as moot on June 12, 2013.
See *Item II. A. 1. c. below.*

15. *Northern Illinois Gas Company d/b/a Nicor Gas Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 2-13-0665
Ill.C.C. Docket Nos. 01-0705, 02-0067 & 02-0725 (cons.)

Appeal from reconciliation of revenues collected under gas adjustment charges and Rider 4, pursuant to 220 ILCS 5/9-220 and 9-244(c)

Status: Although this appeal had been consolidated with the CUB appeal (Appeal No. 2-13-0817, NIGAS subsequently moved to dismiss its own appeal prior to briefing. Cause was dismissed on December 12, 2013.
See *Item II. A. 1. d. below.*

16. *Securus Technologies, Inc. vs. Illinois Commerce Commission and Consolidated Communications Enterprise Services, Inc. d/b/a Consolidated Communications Public Services and d/b/a Consolidated Communications Network Services*
Illinois Appellate Court No. 1-13-1716
Ill.C.C. Docket No. 12-0413

Appeal from declaratory ruling of Illinois Commerce Commission issued pursuant to 5 ILCS 100/5-150(a)) and 83 Ill. Adm. Code 200.220

Status: Securus' Reply Brief is due on December 30, 2013.

B. Under Other Utility-Related Acts

Complaints for declaratory and other relief under 47 USC 252.

1. *Cbeyond Communications, LLC vs. Doug Scott, et al.*
US District Court for Northern Illinois, Eastern Division, Docket No. 1:13-cv-03731
Ill.C.C. Docket No. 11-0696

Complaint for declaratory and other relief challenging the grant or denial of a complaint brought pursuant to Sections 13-515 and 10-108 of the Illinois Public Utilities Act, 220 ILCS 5/13-515 and 10-108.

Status: Cause is pending motion to dismiss. Cause is related to state court appeal.
See *Item I. A. 3. above.*

2. *SprintCom, Inc., et al. vs. Doug Scott, et al.*
US District Court for Northern Illinois, Eastern Division, Docket No. 1:13-cv-06565
Ill.C.C. Docket Nos. 12-0550 and 13-0443

Complaint for declaratory and other relief challenging an arbitration decision of the Commission under 47 USC 252

Status: Cause is being briefed. Cause is related to state court appeal.
See *Item I. A. 11. above.*

II. APPEALS AND OTHER JUDICIAL REVIEW PROCEEDINGS INVOLVING PUBLIC UTILITIES OR TELECOMMUNICATIONS CARRIERS DECIDED IN 2013

A. Cases dismissed without decision on the merits and with no further action expected

1. Under the Public Utilities Act, 220 ILCS 5

- a. *Coalition to Request Equitable Allocation of Costs Together (REACT), et al., v. Illinois Commerce Commission, et al.*

Illinois Appellate Court Nos. 1-11-1781, 1-11-2200, 1-11-2260, & 1-11-2274 (cons.)
Ill.C.C. Docket No. 10-0467

Appeals from grant or denial of electric rate changes for Commonwealth Edison Co. under Section 9-201 of the Public Utilities Act, 220 ILCS 5/9-201

On May 16, 2013, the above appeals were dismissed as moot.

- b. *Dominion Retail, Inc., et al., v. Illinois Commerce Commission, et al.*,
Illinois Appellate Court Nos. 1-11-0603, 1-11- 2715, & 1-11-2716 (cons.),
Ill.C.C. Docket No. 10-0138.

Appeals from grant or denial of Commonwealth Edison Co.'s proposal to establish Rider PORCB (Purchase of Receivables with Consolidated Billing) and to revise other related tariffs, pursuant to Sections 9-201 and 16-118(c) of the Public Utilities Act, 220 ILCS 5/9-201 and 16-118(c).

On the eve of oral argument, the appellants voluntarily withdrew their appeals. On January 23, 2013, the Appellate Court granted an Agreed Motion to Dismiss.

- c. *Jamal Shehadeh v. Illinois Commerce Commission and Consolidated Communications Enterprise Services, Inc. d/b/a Consolidated Communications Public Services and d/b/a Consolidated Communications Network Services*
Illinois Appellate Court No. 4-13-0008
Ill.C.C. Docket No. 11-0685

Appeal from grant or denial of a consumer complaint brought under Section 10-108 of the Public Utilities Act, 220 ILCS 5/10-108

Cause was dismissed as moot on June 12, 2013.

- d. *Northern Illinois Gas Company d/b/a Nicor Gas Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 2-13-0665
Ill.C.C. Docket Nos. 01-0705, 02-0067 & 02-0725 (cons.)

Appeal from reconciliation of revenues collected under gas adjustment charges and Rider 4, pursuant to 220 ILCS 5/9-220 and 9-244(c)

NIGAS' voluntarily withdrew its appeal. Cause dismissed on December 12, 2013.

2. Under Other Utility-Related Acts

None

B. Cases in which decisions were rendered in 2012 but were pending rehearing or petitions for leave to appeal to the Illinois Supreme Court at the time of the annual report

1. Under the Public Utilities Act, 220 ILCS 5

- a. *Frances Kreutzer, et al., v. Illinois Commerce Commission, et al.*,

Illinois Appellate Court Docket No. 2-11-0619
Ill.C.C. Docket No. 07-0310

Appeal from the grant or denial of certificate of public convenience and necessity under Section 8-406 of the Public Utilities Act, 220 ILCS 5/8-406, and the direction to construct, operate, and maintain a new transmission line in Kane and McHenry Counties, Illinois, including, when necessary, the taking of property by eminent domain under Sections 8-503 and 8-509 of the Public Utilities Act, 220 ILCS 5/8-503 and 8-509.

The instant case is an appeal from the Order on Remand of April 15, 2011. On November 30, 2012, the Illinois Appellate Court issued its opinion and affirmed the Commission Order on Remand (2012 IL App (2d) 110619). The Appellate Court held that the Commission had properly complied with the earlier judicial remandment of this cause.

Although the parties had until January 4, 2013, to seek leave to appeal to the Illinois Supreme Court, no further actions were taken by any party. The mandate was issued on January 11, 2013.

2. Under Other Utility-Related Acts

None

C. Cases in which decisions were rendered either by opinion of the court or by an order issued under Supreme Court Rule 23 in 2013. (A Rule 23 order decides a case on its merits, but has limited effect as precedent on other cases.)

1. Under the Public Utilities Act, 220 ILCS 5

- a. *Ameren Illinois Company d/b/a Ameren Illinois vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court Nos. 4-12- 1008 & 4-13-0029 (cons.)
Ill.C.C. Docket Nos. 12-0001 and 12-0293

Appeals from approved tariffs and charges established pursuant to Section 16-108.5 of the Public Utilities Act ("formula rates") and from the first reconciliation of approved tariffs and charges established pursuant to Section 16-108.5 of the Public Utilities Act ("formula rates")

On December 11, 2013, the Illinois Appellate Court for the Fourth District affirmed the Commission's orders of Ameren's formula rates, both the initial establishment of the formula and the first reconciliation. The opinion is identified as 2013 IL App (4th) 121008.

With the passage of P.A. 98-0015, the causes were left with two common issues which were raised by Ameren and a new issue (vacation pay) was raised only in the first reconciliation case. For this reason, the two appeals were consolidated for oral argument and decision.

Ameren's first issue challenged the lowering of the common equity component of its capital structure below its booked (FERC Form No. 1) figure. Although Ameren argued that the Commission was imposing the equity component of its holding company's capital structure, in fact the Commission had reduced the equity component of Ameren to slightly below the equity component of its holding company. The Court agreed that the Commission retained jurisdiction under the formula rate provision to impose a reasonable and prudent rate structure and that the evidence supported the Commission's decision to reduce Ameren's equity component.

Ameren's second issue was the reduction of its rate base by ADIT related to its projected plant additions. Ameren argued the absence of an express requirement to do such a rate base reduction in Section 16-108.5 of the Act, 220 ILCS 5/16-108.5. The Court agreed that Section 16-108.5(c)(6) of the Act, *supra*, provided the Commission sufficient authority to continue this practice mandated under Illinois law.

Ameren's third issue challenged the rate base reduction for accrued but unused vacation pay. The Court agreed, however, that alteration of the formula during the first reconciliation was barred by Sections 16-108.5(d)(1) and (3) of

the statute and, therefore, this rate base reduction as part of the initial rate formula for Ameren could not be first challenged during the first reconciliation.

Ameren has until January 2, 2014, to file for rehearing or, in the absence of seeking rehearing, until January 15, 2014, to seek leave to appeal to the Illinois Supreme Court.

- b. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 2-12-0334
Ill.C.C. Docket No. 07-0566

Appeal from remand order related to the grant or denial of electric rate changes for Commonwealth Edison Co. under Section 9-201 of the Public Utilities Act, 220 ILCS 5/9-201.

On September 27, 2013, the Illinois Appellate Court for the Second District affirmed the Commission's order which required ComEd to refund \$37 million because the Court had earlier determined in *Commonwealth Edison Co. v. Illinois Commerce Commission*, 405 Ill. App. 3d 389 (2010) that the Commission-allowed rate base was overstated in the 2007 rate case order. The opinion is identified as 2013 IL App (2nd) 120334.

The Appellate Court agreed that, under the facts of the decision, the Commission was authorized to order a refund because of the Court's remand of the 2007 rate case. The Appellate Court affirmed the Commission's rejection of ComEd's argument that the refund should be set off by ComEd's actual operating costs during the refund period of September 30, 2010, to May 31, 2011. Finally, the Appellate Court affirmed the Commission's finding denying ComEd its third-quarter of 2008 *pro-forma* capital adjustment. The Court rejected ComEd's claims of estoppel, insufficient findings, and lack of evidence.

The mandate was issued on November 15, 2013.

- c. *The People of the State of Illinois, ex rel. Lisa Madigan, Attorney General of the State of Illinois and Citizens Utility Board vs. Illinois Commerce Commission, et al.*
Illinois Supreme Court No. 116005
Illinois Appellate Court Nos. 2-12-0243 and 2-12-0349 (cons.)
Ill.C.C. Docket Nos. 11-0280 and 11-0281 (cons)

Appeals from grant or denial of general increase of natural gas rates for North Shore Gas Co. and Peoples Gas Light & Coke Co.

In March 2007, the Utilities petitioned the Commission to approve a new "tracker" rider, the volume-balancing-adjustment rider, called "Rider VBA." Rider VBA is a symmetrical and transparent formula for collecting the approved distribution revenue requirement, reducing reliance on forecasting predictions and making underrecovery of the utilities' revenue requirements less likely. Among the problems from which Rider VBA was originally intended to protect the Utilities were the revenue losses attributable to a diminishing customer base and to the implementation of aggressive energy efficiency programs. In 2008, the Commission approved Rider VBA as a four-year pilot program.

In the 2011 rate case, the Commission approved Rider VBA on a permanent basis. The People and CUB challenge the Commission's authority to allow Rider VBA, claiming that Rider VBA constitutes both retroactive ratemaking and single-issue ratemaking.

On March 29, 2013, the Illinois Appellate Court affirmed the Commission's decision, which adopted the Rider VBA. The opinion is identified as 2013 IL App (2d) 120243. The Court rejected the retroactive ratemaking claim, finding that retroactive ratemaking involves the Commission in correcting some perceived past problem in previously set rates whereas Rider VBA is a forward-looking rate design methodology to meet the approved distribution revenue requirement. The Court likewise rejected the single-issue ratemaking claim because Rider VBA does not provide for the recovery of any specific cost and it does not isolate any particular cost. By approving Rider VBA in the present case, the Commission has determined the reasonable and fixed level of revenue for the Utilities which is distinct from specific cost riders.

On September 25, 2013, the Supreme Court granted the People's Petition for Leave to Appeal.

- d. *The People of the State of Illinois, ex rel. Lisa Madigan, Attorney General of the State of Illinois vs. Illinois Commerce Commission, et al.*
Illinois Supreme Court Docket Nos. 116642 and 116696 (cons.)
Illinois Appellate Court No. 1-12-2981
Ill.C.C. Docket No. 09-0151

Appeal from approval or denial of Illinois-American Water Company's annual reconciliation of its Purchased Water and Purchased Sewage Treatment Surcharges

After briefing on the merits, on July 30, 2013, the Illinois Appellate Court issued a three-page Summary Order, dismissing the People's appeal for lack of jurisdiction. The Appellate Court found that the People had filed their administrative review action too late under the Illinois Supreme Court Rules. The Appellate Court held that the time for taking an appeal provided in Subsection 10-201(a) of the Public Utilities Act, 220 ILCS 5/10-201(a), had been previously declared unconstitutional in other court decisions.

The Commission has filed a Petition to Appeal as of Right and, in the Alternative, for Leave to Appeal with the Illinois Supreme Court. The People have filed a Petition for Leave to Appeal or, Alternatively, For Supervisory Relief. The Petitions were granted on November 27, 2013, and the causes consolidated.

2. Under Other Utility-Related Acts

Appeal under the Electric Supplier Act, 220 ILCS 30

Frederic D. Beasley and Connie S. Beasley vs. Illinois Commerce Commission, et al.
Illinois Appellate Court Docket No. 1-13-0447
Sangamon County Court No. 2012 MR 000744
Ill.C.C. Docket No. 10-0711

Appeal from approval or denial of petition for authority to exercise the right of eminent domain pursuant to 220 ILCS 30/13 and 30/13.5 of the Electric Supplier Act

Southern Illinois Power Cooperative ("SIPC") is an electric cooperative and electric supplier within the meaning of Sections 3.4 and 3.5 the Illinois Electric Supplier Act ("ESA"), 220 ILCS 30/3.4 and 3.5, which generates and distributes electric energy to its members who are rural electric cooperatives. SIPC sought the right to bring an eminent domain action to build a 161 kilovolt electric transmission line in the Illinois counties of Saline and Williamson, pursuant to Sections 13 and 13.5 of the ESA, 220 ILCS 30/13 and 30/13.5.

The Beasleys own one of the 24 properties for which SIPC did not have an easement at the time of the proceeding. The Beasleys had participated in the proceedings before the Commission. On June 27, 2012, the Commission entered its final Order in this docket, granting SIPC the right to bring an eminent domain action on 23 parcels, including the Beasley property.

The Beasleys filed a complaint in administrative review in the Circuit Court of Sangamon County pursuant to the Administrative Review Law, 735 ILCS 5/Art. III, per 220 ILCS 30/12. The Beasleys challenged the evidence supporting three findings within the Commission order and also the denial of the presentation of additional evidence.

On June 5, 2013, the Circuit Court of Sangamon County entered its final order affirming the Commission's order. The Court found that the Commission's decision was not against the manifest weight of the evidence. The Court denied the Beasley's complaint in administrative review on all issues.

On May 29, 2013, the Beasleys filed their Notice of Appeal to the Appellate Court. Briefing has recently been completed in the Appellate Court. Oral argument has been set for February 18, 2014.

SECTION 7

**Studies and
Investigations
Required by
State Statutes**

(7) A description of the status of all studies and investigations required by this Act, including those ordered pursuant to Sections 4-305, 8-304, 9-242, 9-244, and 13-301 and all such subsequently ordered studies or investigations.

Section 4-305: EMISSION ALLOWANCE REPORTS

Section 4-305 of the Public Utilities Act reads as follows:

Sec. 4-305. Emission allowances. Beginning with the first quarter of 1993, the Commission shall collect from each public utility and each affiliated interest of a public utility owning an electric generating station information relating to the acquisition or sale of emission allowances as defined in Title IV of the federal Clean Air Act Amendments of 1990 (P.L. 101-549), as amended. The information collected shall include the number of emission allowances allocated to each utility, by statute or otherwise, and the number of emission allowances acquired or sold by each utility. The Commission shall establish quarterly requirements for reporting the information specified under this Section. Beginning with the annual report due January 31, 1994, the Commission shall include the information collected under this Section in the annual report required under this Act.

Appendix B presents information that the Commission has collected under Section 4-305 of the Public Utilities Act since the last Annual Report. Appendix B contains fourth quarter 2010 reports and third quarter 2011 reports. The third quarter 2011 reports present a running total of all allowance allocations and transactions during the first three quarters of 2011.

Section 8-304: ESTIMATED BILLING PRACTICES

This section, added September 19, 1985, required the Commission to perform a comprehensive of estimated billing practices and policies of the major regulated public utilities providing natural gas and/or electric services. The study was conducted in 1987. No activities were performed in 2013, and no further activities are anticipated.

Section 8-403: COGENERATION/SMALL POWER PRODUCTION

Section 8-403 states that the Commission shall conduct a study to encourage the full and economical utilization of cogeneration and small power production. In addition to the independent power generation aspect of the study, the Commission is also required to examine the wheeling of electricity between governmental agencies. This study was completed in 1987. No activities were required in 2013, and no further activities are anticipated in the future.

Section 8-405.1: FEASIBILITY OF WHEELING IN ILLINOIS

Section 8-405.1 directs the Commission, in cooperation with the Illinois Department of Energy and Natural Resources, to investigate the major economic and legal issues surrounding the wheeling of electricity in Illinois and to report the results of its investigation to the General Assembly. In December 1987, the Commission submitted the report titled *Electric Wheeling in Illinois* to the General Assembly. No activities were required in 2012, and no further activities are anticipated in the future.

Section 9-202: TEMPORARY RATE INCREASE

On October 1, 1987, 83 Ill. Adm. Code 330 became effective. Among other things, 83 Ill. Adm. Code 330 put forth the necessary conditions for a temporary rate increase pursuant to Section 9-202(b) and provided for refunds with interest if the temporary rate increase granted exceeded the permanent rate increase granted.

Section 9-214: STUDY OF CWIP

The study was completed and sent to the General Assembly on December 29, 1988. Please see the Commission's 1992 annual report, page 56, for details.

Section 9-216: RULEMAKING FOR CANCELLATION COSTS

The regulated utilities currently have no generation or production plant under construction and have not made any requests for authority to construct new generation or production plant. Given that there is no due date for either the initiation or completion of this rulemaking, the Commission will initiate rulemaking as soon as practical, given the Commission's current workload and resources.

Section 9-223: EVALUATION OF THE FIRE PROTECTION CHARGE

Section 9-223(b) directs the Commission to evaluate the purpose and use of each fire protection charge imposed under Section 9-223. Section 9-223(b) was added to the Public Utilities Act as part of Public Act 94-0950 with an effective date of June 27, 2006. The Commission submitted a report containing its findings to the General Assembly prior to the last day of the 2008 veto session.

ECONOMIC DEVELOPMENT PROGRAM

A summary of the Commission's economic development program and its activities since its inception may be found in the 1996 and previous Commission annual reports.

The Commission coordinates its economic development activities with other state agencies, including the Department of Commerce and Economic Opportunity. Commission staff members represent the agency on interagency task forces that relate to the Commission's economic development activities. Individual economic development project proposals are reviewed in conjunction with appropriate staff from utilities, state and local government, and private businesses. Staff comments on tariff and/or rate filings by utilities and testimony in rate case proceedings serve to further articulate Commission policies in the area of economic development.

As the implementation of customer choice continues, the Commission will assess its impact on economic development through an ongoing evaluation of rulemakings and decisions in the following areas: requirements for alternative electric suppliers, consumer-education materials, delivery services tariffs, distributed resources, and real-time pricing.

INVESTIGATION OF PEOPLES GAS LIGHT AND COKE COMPANY'S ("PEOPLES") ACCELERATED MAIN REPLACEMENT PROGRAM

On June 18, 2013, in Docket No. 12-0512, the Commission ordered Staff to conduct an investigation of Peoples' accelerated main replacement program. Staff began working immediately on steps necessary to hire a consultant that could complete the investigation. However, Staff cancelled its first request for proposals when Central Management Services rejected the only bid from a firm capable of doing the work. Staff is working on a second request for proposals.

Section 8-103: ELECTRIC ENERGY EFFICIENCY AND DEMAND RESPONSE PROGRAM SPENDING LIMITS

Section 8-103 of the Public Utilities Act ("PUA") sets forth requirements for electric utilities to create and implement ratepayer-funded energy efficiency and demand response programs. The statute also provides for a limitation on the amount of spending on such programs, if the result of the spending would be to increase retail rates of retail customers by more than certain prescribed percentages. Subsection (d) of Section 8-103 concludes by stating,

No later than June 30, 2011, the Commission shall review the limitation on the amount of energy efficiency and demand response measures implemented pursuant to this Section and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of energy efficiency and demand response measures.¹²

The report was sent to the General Assembly on June 29, 2011. It is available on the Commission's web site in the Reports section: <http://www.icc.illinois.gov/reports>.

ILLINOIS POWER AGENCY ACT, Section 1-75(c): Renewable Energy Resource Procurement Spending Limits

Subsection (c) of Section 1-75 of the Illinois Power Agency Act ("IPA Act") sets forth a renewable portfolio standard ("RPS") pertaining to electric utilities that on December 31, 2005 provided electric service to at least 100,000 customers in Illinois. The

¹² 220 ILCS 5/8-103(d)

statute also provides for a limitation on the amount of renewable energy resources that shall be purchased, if the result of such purchases would be to increase retail rates of eligible retail customers by more than certain prescribed percentages. Paragraph (2) of 1-75(c) concludes by stating,

No later than June 30, 2011, the Commission shall review the limitation on the amount of renewable energy resources procured pursuant to this subsection (c) and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of cost-effective renewable energy resources.¹³

The report was sent to the General Assembly on June 29, 2011. It is available on the Commission's web site in the Reports Section: <http://www.icc.illinois.gov/reports>.

¹³ 20 ILCS 3855/1-75(c)(2)

SECTION 8

**Impacts of
Federal Activity
on State Utility
Service**

(8) A discussion of new or potential developments in federal legislation, and federal agency and judicial decisions relevant to State regulation of utility service

COMMISSION POLICY AND ACTIONS IN FERC PROCEEDINGS

The Federal Energy Regulatory Commission ("FERC") regulates, among other things, the rates for wholesale electricity sales by public utilities and transmission of electricity in interstate commerce, the transmission and sale of natural gas for resale in interstate commerce, and the transportation of natural gas by interstate pipelines. The primary goal of the ICC's Federal Policy Program is to ensure that the rules, policies, rates, and terms and conditions of service that the FERC establishes for electric transmission service, bulk power sales, and natural gas pipeline transportation are just and reasonable for Illinois energy consumers.

DEVELOPMENTS IN THE NATURAL GAS INDUSTRY

Much of the FERC's current policy regarding interstate natural gas pipeline transportation service stems from the Order 636 open access rules adopted by the FERC in 1992. In recent years, the FERC's focus in the natural gas arena has been to hone its interstate natural gas transportation policy through incremental modifications. In 2013, the FERC's natural gas policy continues to focus on improving the efficiency and transparency of the natural gas market, encouraging the development of new natural gas storage capacity and infrastructure, increasing competition, and protecting consumers against excessive pipeline transportation rates.

Natural gas production continues to expand. Shale gas continues to hold down natural gas prices in virtually every region of the United States. These low natural gas prices have resulted in much greater reliance on natural gas as the fuel of choice for power generation while coal-fired power generation capacity continues to fall. As such, the interdependence between natural gas and electricity markets continues to be a key point of focus for the FERC. In 2013, the FERC held numerous technical conferences to explore whether or not the natural gas and electric industries are prepared to work together seamlessly in an environment of increasing reliance on the use of natural gas as a fuel for electric generation. Part of this inquiry requires FERC Staff to submit quarterly reports to the FERC regarding regional updates and new initiatives undertaken to address the FERC's concerns regarding gas and electric market coordination. Similarly, both PJM and MISO have established task forces to respond to the FERC's electric/natural gas coordination concerns. The FERC also issued Order No. 787, which modified FERC's rules to allow interstate natural gas pipelines and electric utilities to share non-public, operational information with each other for the purpose of promoting reliable service or operational planning on either the public utility's or pipeline's system.

The increase in natural gas production has also resulted in the repurposing of natural gas pipeline capacity and liquefied natural gas (LNG) terminals in the United States. For example, in recent years the FERC has authorized the siting and construction of over a dozen onshore and near-shore LNG facilities. However, in 2013 there were no new LNG terminals approved by the FERC. Similarly, the increase in natural gas from new regions has placed some existing natural gas pipelines in the position of petitioning the FERC to repurpose and/or abandon existing pipeline capacity.

DEVELOPMENTS IN THE ELECTRIC POWER INDUSTRY

Much of the FERC's current electric policy stems from several sweeping reforms concerning the regulation of the transmission grid that was initiated over in the late 1990s. In particular, Order 888 opened the nation's transmission grid through open access transmission tariffs. Order 2000 called for the voluntary creation of regional transmission organizations ("RTOs") which are intended to bring about increased efficiency through both improved grid management and increased access to competitive power supplies by end-users. The FERC has also spent a significant amount of time and resources trying to improve the efficiency and transparency of electricity markets through the implementation of the Energy Policy Act of 2005 and Orders 890, 890-A, and 890-B. Order 1000 reforms the FERC's electric transmission planning and cost allocation requirements for public utility transmission providers by building on the reforms of Order No. 890 and correcting the remaining deficiencies with respect to transmission planning processes and cost allocation methods.

In 2013, the FERC continued to focus on issues such as continuing its implementation of Order No. 1000, addressing seams issues between PJM and MISO, addressing formula rate protocols under the MISO tariff and the production and deliverability of renewable energy in the Midwest and East Coast.

The FERC's Order No. 1000 reformed the FERC's electric transmission planning and cost allocation requirements for public utility transmission providers. In that regard, the FERC issued orders conditionally accepting compliance filings for both PJM and MISO. The ICC took issue with numerous aspects of the RTOs' compliance filings and with the FERC's orders approving these same filings. Currently, there are requests for rehearing in both of these dockets pending before the FERC. It is likely that the FERC will issue orders on rehearing in these dockets in 2014. Other Order No. 1000 issues that the FERC will likely address in the coming year(s) include the identification and cost allocation for non-transmission solutions in the Order 1000 planning process and the use of direct current ("DC") transmission lines that are used to move power over long distances.

The main issue in 2013 pertaining to RTOs seams was the deliverability of capacity between PJM and MISO. While RTO seams issues have been an issue for over a decade, the efficient delivery of capacity between the two RTOs brought the issue of addressing RTO seams to the forefront through a complaint filed by a MISO market participant. After several rounds of filings, white papers and technical conferences before the FERC, the two RTOs filed a work plan with the FERC in 2013 that aims to improve data exchange and transparency between the two RTOs by continuing to publicly post information requested by stakeholders and by providing information about the operation of the market-to-market coordination process. The work plan also describes efforts to better coordinate day-ahead market operations, as well as the RTOs' intent to consider revisions to the day-ahead firm flow entitlement exchange provisions in their existing joint operating agreement.

In 2013, the FERC continued its investigation into whether or not the formula rate protocols under the MISO tariff are sufficient to ensure just and reasonable rates. The ICC has long argued that the current MISO formula rate protocols did not provide customers, state regulators, or other interested parties with any real opportunity to evaluate the formula rate input data or to challenge either the correctness or reasonableness of the inputs, including the true-up, or to challenge the prudence of the costs to be recovered. The ICC has submitted numerous filings to the FERC on this issue, arguing that the FERC needs to establish meaningful protocols to ensure transparency in the formula rate process, while at the same time providing customer protections.

The production and transmission of renewable energy continues to be a major topic of emphasis for the FERC. While the ICC generally supports the integration of renewable energy resources into established wholesale electricity markets, these efforts typically require the construction of high voltage transmission facilities to move wind power from the Dakotas and Iowa to customers on the East coast. These super-high voltage projects are also constructed for the purpose of addressing transmission constraints in the East. As noted above, there is a strong possibility that the FERC will address these issues in the coming year in its current Order No. 1000 docket.

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 (220 ILCS 5/16-101, et seq.), enacted on December 16, 1997, introduced the concept of delivery services and required Illinois utilities to provide open access to delivery services on a phased-in basis. However, in adopting that statute, the Illinois General Assembly recognized that certain components of delivery service may be subject to FERC jurisdiction. Therefore, the statute states:

An electric utility shall provide the components of delivery services that are subject to the jurisdiction of the Federal Energy Regulatory Commission at the same prices, terms and conditions set forth in its applicable tariff as approved or allowed into effect by that Commission [FERC]. The Commission [ICC] shall otherwise have the authority pursuant to Article IX to review, approve, and modify the prices, terms and conditions of those components of delivery services not subject to the jurisdiction of the Federal Energy Regulatory Commission.

(220 ILCS 5/16-108(a)) Furthermore, Section 16-101A(d) of the Public Utility Act mandates:

The Illinois Commerce Commission should act to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers.

Accordingly, the ICC continues to be actively engaged at the FERC, working to ensure that the components of delivery service for which FERC has regulatory oversight responsibility are provided at rates, terms, and conditions that are appropriate for Illinois' retail direct access program. Similarly, the ICC has been advocating transparent wholesale electricity markets, believing that a transparent wholesale market are key for Illinois' open access retail program to provide greater benefits to retail customers. All of the issues discussed in the previous sections have the potential to impact the price and reliability of electric service in Illinois. As such, the ICC has been, and will continue to be, engaged in the processes before the FERC to ensure that Illinois' interests are adequately represented.

SECTION 9

**Recommendations for
Proposed
Legislation**

(9) All recommendations for appropriate legislative action by the General Assembly.

The Commission's legislative agenda for the 98th General Assembly is currently being formulated. A detailed discussion of specific proposals currently under consideration would be premature at this time.

Appendix A

Summary of Significant Commission Decisions

SUMMARY OF SIGNIFICANT COMMISSION DECISIONS

Electric

**06-0703 Illinois Commerce Commission
 On Its Own Motion**

Revision of 83 Ill. Adm. Code 280

This docket was a rulemaking, revising Part 280 of the Illinois Administrative Code, entitled "Procedures for Gas, Electric, Water and Sanitary Sewer Utilities Governing Eligibility for Service Deposits, Payment Practices, and Discontinuance of Service." As the title indicates Part 280 deals with utility customer applications, billing, service deposits, collections and related issues. The First Notice Order with draft rules attached was entered by the Commission on November 13, 2013.

**09-0432 The Cherry Lane Condominium
 -vs-
 Commonwealth Edison Company**

Complaint as to billing/charges in Northbrook, Illinois.

The initial complaint was filed on September 28, 2009 and an initial pre-hearing conference was held on October 22, 2009. The matter was continued to November 20, 2009 for the Respondent to file its Motion to Dismiss. Commonwealth Edison filed its Motion to Dismiss on December 18, 2009 and the matter was continued to March 4, 2010. At such time, the Administrative Law Judge directed the Complainant to formally file its January 13, 2010 response to the Motion to Dismiss no later than March 19, 2010 and the docket was continued to May 11, 2010 and July 27, 2010. It appears that the January 13, 2010 response to the Motion to Dismiss was never filed with the Clerk's Office, but the Respondent filed its reply on February 10, 2010. Respondent's original counsel withdrew its appearance on July 2, 2010 and new counsel filed an appearance on July 14, 2010. The July 27, 2010 status hearing was cancelled pending the outcome of the Motion to Dismiss. The Respondent's Counsel subsequently filed a Motion to Dismiss for Want of Prosecution on June 17, 2011 and Petitioner's counsel filed a response to this motion along with its response to the initial Motion to Dismiss on June 20, 2011. Respondent filed a reply to the Motion to Dismiss for Want of Prosecution on June 23, 2011. A proposed order on the Motions is forthcoming from the Administrative Law Judge in January, 2014.

**11-0165 Richard Kraft
 -vs-
 Commonwealth Edison Company**

Complaint as to power outages in Highland Park, Illinois.

The initial complaint was filed on February 22, 2011. The parties participated in numerous pre-hearing conferences to report on the progress of discovery. The matter was also delayed because parts of the Complainant's claims were contingent upon the outcome of the storm waiver claims in Docket 11-0289 (final order entered November 20, 2012). At the April 26, 2012 pre-hearing conference, Complainant requested time to file an Amended Complaint and a briefing schedule on the Amended Complaint was set by the Administrative Law Judge. Commonwealth Edison filed its Answer on May 21, 2012. The Respondent subsequently filed a Motion to Dismiss on June 6, 2013, which was followed by a response filed by the Mr. Kraft's Counsel on July 5, 2013 and Commonwealth Edison's Reply on July 19, 2013. Following the briefing schedule on the Motion to Dismiss, it was noted by Respondent's Counsel and the Administrative Law Judge that the Amended Formal Complaint as referenced in Complaint's Response to the Motion to Dismiss as Exhibit A was not formally filed with the Clerk's Office. As a result, the Motion to Dismiss could not be formally adjudicated until the original Amended Formal Complaint was filed. The Complainant filed a Second

Amended Complaint on August 12, 2013 and the Amended Formal Complaint was filed on September 3, 2013. The matter was continued generally on August 1, 2013 pending the outcome of the Motion to Dismiss.

11-0341

**Illinois Commerce Commission
On Its Own Motion**

-vs-

Ameren Illinois Company

Reconciliation of revenues collected under Rider EDR with the actual costs associated with energy efficiency and demand-response plans. Reconciliation of revenues collected under Rider GER with the actual costs associated with natural gas energy efficiency plans.

In this contested proceeding, Ameren Illinois presented evidence intended to show the reconciliation of revenues collected with costs prudently incurred in connection with electric energy efficiency and demand response activities, and gas energy efficiency activities, in the second plan year. The prudence of certain gas efficiency expenditures was in dispute, as was the related question of whether energy efficiency programs should be assessed at the portfolio level, rather than at the measure or program level. The Commission entered an Order in this proceeding on October 2, 2013.

11-0588

Commonwealth Edison Company

Petition to determine the applicability of Section 16-125(e) liability to events caused by the Summer 2011 storm systems.

ComEd filed a verified petition to determine whether it was entitled to a waiver of liability for power outages caused by the many summer storms systems in 2011. The final order found that the Company was entitled to a waiver of some but not all of the outages during these storms. The Order found that 34,559 customers experienced a simultaneous four-hour interruption of service during the July 11, 2011 storm system, and those customers are entitled to file for compensation under Section 16-125(e) of the Public Utilities Act. This was the first time that liability was found against a utility under this section.

12-0089

Ameren Illinois Company d/b/a Ameren Illinois

On January 3, 2012, pursuant to Section 16-108.5(c) of the Illinois Public Utilities Act, Ameren Illinois Company d/b/a Ameren Illinois ("AIC") filed and requested approval of a performance-based formula rate tariff, Rate Modernization Action Plan-Pricing ("Rate MAP-P") by initiating Docket No. 12-0001. AIC then initiated the instant proceeding with the filing of its Petition for Approval of Multi-Year Performance Metrics on February 2, 2012 under Section 16-108.5(f) of the Act. AIC requested the issuance of an order from the Illinois Commerce Commission, within 120 days of the filing of the Petition, approving (i) AIC's Multi-Year Performance Metrics ("Metrics Plan") and (ii) Rider Modernization Action Plan-Metrics ("Rider MAP-M"). On May 29, 2012, the Commission entered an Order approving a set of Multi-Year Performance Metrics. On July 11, 2012, the Commission re-opened this docket on its own motion to consider the impact in the delay of the implementation of the deployment of smart grid until January 1, 2014. On January 9, 2013, the Commission entered an order granting AIC the authority to delay the deployment of smart grid until January 1, 2014.

12-0324

LAZ Parking LTD, LLC

-vs-

Commonwealth Edison Company

Complaint pursuant to Sections 9-250 and 10-0108 of the Illinois Public Utilities Act and Section 200.170 of the Rules of Practice of the Illinois Commerce Commission.

A hearing on the Complainant's Motion to Deem Certain Facts Admitted was held on June 28, 2013. The Motion to Dismiss was held in abeyance pending the outcome of the Motion to Deem Certain Facts Admitted. Prior to ruling on this motion, the parties each filed Motions to Correct the June 28, 2013 transcript. The

Administrative Law Judge ruled on the Motions to Correct on September 12, 2013. The parties filed a joint waiver of the one-year requirement on November 26, 2013. A status hearing was held on December 4, 2013, and the Complainant tendered an oral motion to voluntarily dismiss Counts 1, 3, and 4 from the Formal Complaint, leaving Counts 2 and 5 for consideration on all pending motions. The Motion to Dismiss continues to be held in abeyance for the outcome of the Motion to Deem Certain Facts Admitted. A status hearing is scheduled for February 6, 2014.

12-0598

Ameren Transmission Company of Illinois

On November 7, 2012, Ameren Transmission Company of Illinois ("ATXI") filed with the Illinois Commerce Commission a petition seeking a Certificate of Public Convenience and Necessity pursuant to Section 8-406.1 of the Public Utilities Act, 220 ILCS 5/1-101 et seq., authorizing ATXI to construct, operate, and maintain new 345 kilovolt ("kV") electric transmission lines running generally across Illinois from Missouri to Indiana.

The expedited consideration provided for in Section 8-406.1 of the Act is available only to public utilities seeking to construct a new high voltage electric service line and related facilities. Section 8-406.1 also provides that the Commission shall issue its decision no later than 150 days after the application is filed, however the Commission may extend the 150-day deadline if, on or before the 30th day after the filing of the application, the Commission finds that good cause exists to extend the 150-day deadline. As this docket involved thousand of landowners and more than 340 miles of transmission line, the Commission found that good cause existed to extend the deadline.

On August 20, 2013, the Commission entered an Order finding that while there was a proven need for the project, only some of the segments of the proposed project could be approved based on the evidence submitted. On September 18, 2013, the Commission granted rehearing on a small portion of one segment. On October 2, 2013, the Commission granted rehearing on various other segments of the project. Order on rehearing will not be entered until 2014.

13-0034

**Illinois Commerce Commission
On Its Own Motion**

Phase 2 of the initial approvals for FutureGen Industrial Alliance, Inc. ("FutureGen").

In Docket No. 12-0544, the Commission approved the inclusion, in the power procurement plan adopted in that Order, of a sourcing agreement with FutureGen for output from a retrofitted clean coal facility starting in 2017. In its Order in the "Phase 2" proceeding in Docket No. 13-0034, the Commission made determinations on numerous outstanding issues related to the FutureGen project and sourcing agreement including: the benchmark process; the levelized fixed carrying charge rate; annual audits and reconciliations; pre-approved total capital costs; treatment of emission credits and other environmental attributes; and tariff filings. The Order in Docket No. 13-0034 is presently on appeal, as is the Order in Docket No. 12-0544.

13-0079

Mt. Carmel Public Utility Co.

Proposed general rate increase for gas service and an electric rate design revision. (tariffs filed December 28, 2012)

On December 5, 2012, the Commission entered an Order approving new natural gas rates for Mt. Carmel Public Utility. The Commission also approved a redesign/consolidation of the company's electric rates, which did not include a revenue increase. Mt. Carmel Public Utility provides service to 5,500 electricity and gas customers in Wabash County.

13-0192

Ameren Illinois Company d/b/a Ameren Illinois ("Ameren Illinois")

Proposed general increase in gas rates.

In this rate proceeding, Ameren Illinois proposed to increase the natural gas delivery service rates charged to its customers in all its service areas in Illinois. There were numerous parties, and many contested issues, including: allowable operating revenues and expenses; rate base, capital structure and rate of return; cost of service and rate design; and the proposed implementation of a small volume transportation program. The Commission entered its rate Order in this matter on December 18, 2013.

**13-0285 Illinois Commerce Commission
On Its Own Motion
-vs-
Commonwealth Edison Company**

Investigation regarding progress in implementing the Advanced Metering Infrastructure Deployment Plan.

This matter concerns a rate case on remand from the Appellate Court. The Commission was required to recalculate Commonwealth Edison's rate base consistent with the Appellate Court's decision regarding accumulated depreciation. The Commission determined that a refund was due ratepayers in the amount of \$36.7 million in an Order dated February 23, 2012.

Investigation Regarding Progress in Implementing the Advanced Metering Infrastructure Deployment Plan, docket No. 13-0285. This case concerns keeping track of the progress a utility has made in deploying smart meters and smart grid technology under the Energy Infrastructure Modernization Act. The final order in this proceeding applied the new standards in P.A. 98-15, (220 ILCS 5/15-108.5(k)) which was enacted on May 22, 2014. That statute changed certain standards for rate cases brought pursuant to that Act.

13-0301 Ameren Illinois Company d/b/a Ameren Illinois

Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing.

On December 9, 2013, the Commission entered an Order approving updates to Ameren Illinois Company's ("AIC") formula rate as well as the first reconciliation of AIC's formula rates with a prior year's actual costs. The Order adopted rates reflecting a decrease of \$44,658,000 or 5.54% from the prior formula rate docket.

13-0318 Commonwealth Edison Company

Annual formula rate update and revenue requirement reconciliation under Section 16-108.5 of the Public Utilities Act.

This docket is ComEd's annual formula rate update and revenue requirement reconciliation. In this docket, ComEd also requested the Commission to authorize and direct ComEd to make the compliance filings necessary to place into effect the resulting charges to be applicable to delivery services provided by ComEd beginning on the first day of ComEd's January 2014 billing period, as authorized by Section 16 108.5(d) of the Public Utilities Act, 220 ILCS 5/16 108.5(d). Some of the larger issues included Operating Expenses, Rate Base and Revenues.

13-0387 Commonwealth Edison Company

Revenue-neutral tariff changes related to rate design

This docket decided many revenue neutral tariff issues concerning the allocation of delivery service costs among ComEd's rate classes and possible changes to the rate design formula of Rate DSPP - Delivery Service Pricing and Performance ("Rate DSPP") in accordance with provisions of subsection 16-108.5(e) of the Act.

13-0423 MidAmerican Energy Company

Verified Petition for Approval of its Energy Efficiency Plan pursuant to Section 8-408 of the Public Utilities Act.

Request for Waiver of 83 Ill. Admin. Code Sections 410.210(a)(3)(E) and 500.330(a)(1)(B)(v).

This matter concerns an Order approving MidAmerican Energy Company's ("MidAmerican") proposed five-year Illinois energy efficiency plan ("Plan") and denying MidAmerican's request for a waiver in Docket No. 13-0424 from 83 Ill. Admin. Code Sections 410.210(a)(3)(E) and 500.330(a)(1)(B)(v), which require the energy efficiency cost recovery charge to be a separate line item on customer bills.

13-0546

The Illinois Power Agency

Petition for Approval of the 2014 IPA Procurement Plan pursuant to Section 16-111.5(d)(4) of the Public Utilities Act.

The Commission entered an order that provides for two energy procurements next year, a move that may help to match more closely customer demand for power with supply. In the 2012-2013 procurement plan the IPA suggested there was no need to purchase additional electricity for ComEd and Ameren customers, because there was already an adequate supply from earlier contracts. In addition the IPA voiced uncertainty about the number of customers who would require ComEd or Ameren service, due to significant increase in residential customer switching to alternative energy suppliers, particularly through municipal aggregation programs.

To better address potential fluctuations in demand for electricity, the Commission approved two separate energy procurements, one in the April 2014 and another, if needed, in quarter September 2014.

The Commission also approved the IPA's expansion of energy efficiency programs previously approved by the ICC for both ComEd and Ameren. The Commission did not require the acquisition of additional renewable resources in the 2014-2015 plan due to a decrease in the amount of available funds to procure those resources. Currently the acquisition of additional renewable resources would cause both utilities to exceed statutory spending caps which depend upon the level of customer load served by ComEd and Ameren. As the customer load has decreased due to customer switching, the available funds and spending caps for renewable resources have also dropped.

13-0553

**Illinois Commerce Commission
On Its Own Motion**

-vs-

Commonwealth Edison Company

Investigation of tariffs approved in Docket No. 13-0386.

On October 2, 2013, the Commission on its own motion, based upon a Staff report which raised questions concerning ComEd's tariff filing of May 30, 2013, and pursuant to the authority of Section 10-113(a) of the Public Utilities Act to rescind, alter or amend its order in Docket No. 13-0386, initiated a proceeding to determine whether the tariff changes filed by ComEd on May 30, 2013, comply with P.A. 98-15. In this docket, the Order addressed whether the tariffs filed on May 30, 2013: (1) correctly calculated interest on ComEd's reconciliation balance, (2) correctly calculated the Section 16-108.5(c)(5) return on equity ("ROE") collar, and (3) correctly reflected the appropriate tax treatment in calculating interest on the reconciliation balance in the formula rate tariff as authorized by the Public Utilities Act.

13-0586

MidAmerican Energy Company

Request pursuant to Section 6-102 of the Public Utilities Act for an order authorizing the issuance and sale of \$350,000,000 aggregate principal amount of Long-Term Debt.

This proceeding involves Commission authorization of MidAmerican Energy Company's ("MidAmerican") verified Information Statement seeking approval of a proposed issuance of \$350,000,000 aggregate principal

amount of long-term debt ("Long-Term Debt") by MidAmerican to be used for the purpose of refinancing currently outstanding 4.65% Senior Notes in the aggregate principal amount of \$350,000,000 that mature October 1, 2014.

Gas

01-0705/ Illinois Commerce Commission, On its Own Motion

-vs-

Northern Illinois Gas Company, d/b/a NICOR Gas Company

Reconciliation of Revenues collected under Gas Adjustment Charges with Actual Costs prudently incurred.

02- 0067 / Illinois Commerce Commission, On Its Own Motion

-vs-

Northern Illinois Gas Company d/b/a NICOR Gas Company

Proceeding to review Rider 4, Gas cost, pursuant to Section 9-244(c) of the Public Utilities Act.

**02-0725 Illinois Commerce Commission, On Its Own Motion
Cons. -vs-**

Northern Illinois Gas Company d/b/a Nicor Gas Company

Reconciliation of revenues collected under gas adjustment charges with actual costs prudently incurred.

Consolidated

This matter concerns the Commission review of Nicor's Performance Based Regulation ("PBR") program as well as the reconciliation proceedings under Rider 6, Gas Cost Supply ("Rider 6"). The PBR, known as the Gas Cost Performance Program ("GCPP"), was in place from January 1, 2000 through December 31, 2002. An investigation was opened to determine whether Nicor properly implemented the program.

On February 16, 2012, Staff and Nicor entered into a Stipulation, which resolves all the issues between Staff and Nicor in these consolidated proceedings, as well as Dockets 99-0481 and 00-0718, to the extent the issues from those proceedings are implicated in these consolidated proceedings. The Stipulation states that Nicor has no objection to refunding customers \$64 million, pursuant to the terms of the Stipulation. Many of the issues as resolved by the Stipulation are not objected to by the Citizens Utilities Board ("CUB") and the Attorney General ("AG"). There are, however, four issues which CUB and/or the AG did not agree with the proposed resolution in the Nicor/Staff Stipulation. The Final Order adopted the resolution as proposed by Nicor/Staff except for the issue concerning DSS withdrawals. The Commission found that the Company actions in this are led to higher rates for customers. Thus Nicor was ordered to refund an additional \$8.1 million. Therefore, Nicor was ordered to refund \$72,149,519.00.

11-0667 Northern Illinois Gas Company d/b/a Nicor Gas Company

Petition regarding Reconciliation of Revenues Collected under Rider 29 - Energy Efficiency Plan with Prudent Cost Associated with Energy Efficiency Plan Expenditures.

The Order in this docket concluded that the costs and expenses sought to be recovered by Nicor Gas regarding Rider-29 Energy Efficiency Plan with the exceptions noted by Staff were reasonably and prudently incurred. The Order found that the Company shall credit the relevant customer groups with the additional amounts determined to be due in conformity with the Order through the operation of Rider 30 given that Rider 29 is no longer in effect.

**11-0764 Illinois Commerce Commission
On Its Own Motion**

-vs-

North Shore Gas Company

Reconciliation of revenues collected under gas adjustment charges with actual costs prudently incurred.

An initial pre-hearing conference was held on January 26, 2012 and the matter was continued to June 19, 2012 for another status pending the outcome of prior reconciliations. The June 19, 2012 status was continued to January 17, 2013 for resolution of the previous reconciliations. At the January 17, 2013 hearing, the parties set a briefing schedule which the parties voluntarily set aside on May 29, 2013. During the pre-hearing conference on July 25, 2013, the Administrative Law Judge set a new briefing schedule. Staff and the Interveners have filed Direct Testimony on December 20, 2013 and Company Rebuttal Testimony is due January 17, 2014. A status hearing has been scheduled for January 23, 2014.

11-0765 Illinois Commerce Commission

On Its Own Motion

-vs-

Peoples Gas Light and Coke Company

Reconciliation of revenues collected under gas adjustment charges with actual costs prudently incurred.

An initial pre-hearing conference was held on January 26, 2012 and the matter was continued to June 19, 2012 for another status pending the outcome of prior reconciliations. The June 19, 2012 status was continued to January 17, 2013 for resolution of the previous reconciliations. At the January 17, 2013 hearing, the parties set a briefing schedule which the parties voluntarily set aside on May 29, 2013. During the pre-hearing conference on July 25, 2013, the Administrative Law Judge set a new briefing schedule. Staff and the Interveners have filed Direct Testimony on December 20, 2013 and Company Rebuttal Testimony is due January 17, 2014. A status hearing has been scheduled for January 23, 2014.

12-0511 North Shore Gas Company

12-0212 The Peoples Gas Light and Coke Company

Proposed general rate increase for gas distribution services.

These dockets deal with a rate increase for the two gas companies. Hearings were held on February 4-8 and February 13, 2013. A Final Order was entered by the Commission on June 18, 2013. Rehearing was granted for two issues. Whether the 2012 Net Operating Losses (NOLs) should be included in rate base and what is the proper amount of the 2012 and 2013 NOLs? A hearing was held for these issues on October 10, 2013. The proposed order has been issued and the Commission should enter the final order on rehearing on December 18, 2013.

13-0077 Illinois Commerce Commission

On Its Own Motion

-vs-

Ameren Illinois Company d/b/a Ameren Illinois

Commonwealth Edison Company,

The Peoples Gas Light and Coke Company,

North Shore Gas Company,

and

Northern Illinois Gas Company d/b/a Nicor Gas Company

Adoption of Policies Concerning the Illinois Statewide Technical Reference Manual for Energy Efficiency.

The Order in this docket found that the IL-TRM Policies filed in this docket should be adopted by the Commission. It should also be noted that rehearing was granted and the Order on Rehearing in this docket made some determinations regarding apparent ambiguities in the IL-TRM Policies.

13-0192 Ameren Illinois Company d/b/a Ameren Illinois ("Ameren Illinois")

Proposed general increase in gas rates.

In this rate proceeding, Ameren Illinois proposed to increase the natural gas delivery service rates charged to its customers in all its service areas in Illinois. There were numerous parties, and many contested issues, including: allowable operating revenues and expenses; rate base, capital structure and rate of return; cost of service and rate design; and the proposed implementation of a small volume transportation program. The Commission entered its rate Order in this matter on December 18, 2013.

**13-0458 Illinois Commerce Commission
On Its Own Motion**

Adoption of 83 Ill. Adm. Code 556.

This is a rule making docket concerning the Qualifying Infrastructure Plant Surcharge for the gas companies in Illinois. The rules will deal with gas main and pipe replacement programs of the various utilities. The second notice order was approved by the Commission on October 23, 2013. The Joint Committee for Administrative Rules ("JCAR") will consider the rules at its December 17, 2013 meeting and the Commission should enter the final order on December 18, 2013.

13-0549 Northern Illinois Gas Company d/b/a Nicor Gas Company

Application pursuant to Section 8-104 of the Public Utilities Act for Consent to and Approval of an Energy Efficiency Plan

A status hearing was held on November 7, 2013 where the Administrative Law Judge set a briefing schedule. Staff and Intervenor Direct Testimony are due January 17, 2014 and Company Rebuttal Testimony is due on January 31, 2014. Staff and Intervenor Rebuttal Testimony are due February 7, 2014 and Company Rebuttal Testimony is due on February 14, 2014. An evidentiary hearing is scheduled for February 21, 2014.

**13-0550 North Shore Gas Company
and
The Peoples Gas Light and Coke Company**

Petition pursuant to Section 8-104 of the Public Utilities Act to Submit an Energy Efficiency Plan.

A status hearing was held on November 7, 2013 where the Administrative Law Judge set a briefing schedule. Staff and Intervenor Direct Testimony were filed on December 20, 2013 and Company Rebuttal Testimony is due on January 22, 2014. Staff and Intervenor Rebuttal Testimony are due January 31, 2014 and Company Rebuttal Testimony is due on February 4, 2014. An evidentiary hearing is scheduled for February 18, 2014.

Water & Sewer

**09-0548 Apple Canyon Utility Company
09-0549 Lake Wildwood Utilities Corp.**

Proposed general increase in water rates. (Tariffs filed October 14, 2009)

Tariffs and Charges Submitted pursuant to Section 9-201 of the Public Utilities Act. The Orders in these dockets, pursuant to the May 3, 2013 Mandate of the Illinois Appellate Court, Third Judicial District, reconsidered both public comments made at Commission conducted public forums and comments posted to

the Commission website. The Order on Remand considered the comments struck by the Administrative Law Judge to the extent permitted by law but affirmed the rates that recover the revenue requirements set forth in the schedules attached to the Commission's final Order entered on September 9, 2010.

12-0195 Charmar Water Company

Petition pursuant to Section 9-220.2 of the Illinois Public Utilities Act and 83 Illinois Administrative Code 200 for the Approval of the Annual Reconciliation for and the Resulting Change in the Surcharge for Purchased Water.

This matter concerns Commission approval of Charmar Water Company's ("Charmar", "Company" or "Petitioner") annual reconciliation of revenues collected and costs incurred through Charmar's surcharge for purchased water. The reconciliation reflects that for the calendar year 2011, Charmar's prudently purchased water recoverable water costs were \$13,315, and collections were \$17,432 producing an over-recovery of \$4,117. When this amount is combined with the cumulative over-recovery balance from prior periods of \$1,052, the resulting December 31, 2011 cumulative over-recovered balance is \$5,169. The 2011 cumulative over-recovered balance is offset by the 2009 Factor O undercollection of \$2,600 that was to be recovered in 2011 and the 2010 Factor R over-collection of \$1,077 resulting in a Factor O collection of \$1,523 from prior periods. Thus, there is a resulting Factor O of \$1,523 to be recovered from ratepayers.

12-0196 Del-Mar Water Company

Petition pursuant to Section 9-220.2 of the Illinois Public Utilities Act and 83 Illinois Administrative Code 200 for the Approval of the Annual Reconciliation for and the Resulting Change in the Surcharge for Purchased Water.

This matter concerns Commission approval of Del-Mar Water Company's ("Del-Mar", "Company" or "Petitioner") annual reconciliation of revenues collected and costs incurred through Del-Mar's surcharge for purchased water. The reconciliation reflects that for calendar year 2011, Del-Mar has experienced prudently purchased recoverable water costs of \$40,805, and collections of \$44,786, producing an over-recovery of \$3,981. When this amount is combined with the cumulative under-recovery balance from prior periods of \$4,235, results in a cumulative under recovered balance of \$254 at December 31, 2011; of which \$3 is attributable to the 2010 Factor O under-recovery and \$251 is attributable to the 2011 Factor R under-recovery. Thus, the reconciliation in this matter does not require an ordered reconciliation factor (Factor O).

12-0197 Harbor Ridge Utilities, Inc.

Petition pursuant to Section 9-220.2 of the Illinois Public Utilities Act and 83 Illinois Administrative Code 200 for the Approval of the Annual Reconciliation for and the resulting change in the surcharge for purchased sewer.

This matter concerns Commission approval of Harbor Ridge Utilities, Inc.'s ("Harbor Ridge", "Company" or "Petitioner") annual reconciliation of revenues collected and costs incurred through Harbor Ridge's surcharge for purchased sewer. The reconciliation reflects that for calendar year 2011, Harbor Ridge's prudently purchased sewage treatment costs were \$51,550, and collections were \$44,898, producing an under-recovery of \$6,653; when this amount is combined with the \$4,463 cumulative over-recovery balance from prior periods. The resulting 2011 cumulative Factor O to be recovered from customers equals \$2,190.

**12-0603/
12-0604 Apple Canyon Utility Company
Lake Wildwood Utilities Corporation**

Proposed general rate increase of water service. (tariffs filed October 1, 2012)

This matter concerned water rate increases requested by two Utilities, Inc. subsidiaries - Lake Wildwood Utilities Corporation ("Lake Wildwood") and Apple Canyon Utility Company ("Apple Canyon").

There were several contested issues and the conclusions reached in the Commission's Order granted a smaller rate increase to the utilities than was requested. With the adjustments adopted by the Commission, Apple Canyon's revenue would increase by \$65,821. With the adjustments adopted in the Commission's Order, Lake Wildwood's revenue would increase by \$89,443.

13-0388

Aqua Illinois, Inc.

Proposed Qualifying Infrastructure Plant surcharge rider.

In this proceeding, the Commission approved Aqua Illinois, Inc.'s ("Aqua") Verified Petition seeking approval of Qualifying Infrastructure Plant ("QIP") surcharge riders in Aqua's Willowbrook Water, Willowbrook and Candlewick Sewer, University Park Water, University Park and Tri-Star Estates Sewer, Candlewick and Fairhaven Estates Water, Oak Run Water, and Ellwood Greens Sewer divisions ("QIP Tariffs"). The QIP surcharge riders allow Aqua to recover from customers, subject to an annual reconciliation process, the costs associated with qualifying projects. The riders in this proceeding are in substance identical to Aqua's previously approved riders in Docket No. 01-0561.

Miscellaneous

12-0213

**Illinois Commerce Commission
On Its Own Motion**

Implementation of Section 16-128A(a) of the Public Utilities Act.

On March 27, 2013, the Commission entered an Order adopting 83 Ill. Adm. Code 468, "Distributed Generation Installer Certification" for the purpose of implementing Section 16-128A(a) of the Public Utilities Act. This statutory rulemaking requirement was inserted into the Electric Infrastructure Modernization Act. Under the rule, installers of distributed generation facilities must apply and receive from the Commission a certificate authorizing them to install such facilities.

Appendix B

Emission Allowance Reports

ALLOWANCE REPORTING FORM

Ameren Energy Generating Company

Reporting Period

October 1, 2012

to

December 31, 2012

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2012	127,494	64,649	(16,626)	(100,000)	0	230	75,747
2	2013	-	64,649	-	0	0	230	64,879
3	2014	-	64,649	-	0	0	230	64,879
4	2015	-	64,649	-	0	0	230	64,879
5	2016	-	64,649	-	0	0	230	64,879
6	2017	-	64,649	-	0	0	230	64,879
7	2018	-	64,649	-	0	0	230	64,879
8	2019	-	64,649	-	0	0	230	64,879
9	2020	-	64,649	-	0	0	230	64,879
10	2021	-	64,649	-	0	0	(702)	63,947
11	2022	-	64,649	-	0	0	230	64,879
12	2023	-	64,649	-	0	0	230	64,879
13	2024	-	64,649	-	0	0	230	64,879

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2025	-	64,649	-	0	0	230	64,879
15	2026	-	64,649	-	0	0	230	64,879
16	2027	-	64,649	-	0	0	230	64,879
17	2028	-	64,649	-	0	0	230	64,879
18	2029	-	64,649	-	0	0	230	64,879
19	2030	-	64,649	-	0	0	230	64,879
20	2031	-	64,649	-	0	0	230	64,879
21	2032	-	64,649	-	0	0	230	64,879
22	2033	-	64,649	-	0	0	230	64,879
23	2034	-	64,649	-	0	0	230	64,879
24	2035	-	64,649	-	0	0	230	64,879
25	2036	-	64,649	-	0	0	230	64,879
26	2037	-	64,649	-	0	0	230	64,879
27	2038	-	64,649	-	0	0	230	64,879
28	2039	-	64,649	-	0	0	230	64,879
29	2040	-	64,649	-	0	0	230	64,879
30	2041	-	64,649	-	0	0	230	64,879
31	2042	-	64,649	-	0	0	230	64,879

ALLOWANCE REPORTING FORM

Ameren Energy Resources Generating Company

Reporting Period

October 1, 2012

to

December 31, 2012

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2012	75,034	29,190	(12,099)	0	0	105	92,230
2	2013	-	29,190	-	0	0	105	29,295
3	2014	-	29,190	-	0	0	105	29,295
4	2015	-	29,190	-	0	0	105	29,295
5	2016	-	29,190	-	0	0	105	29,295
6	2017	-	29,190	-	0	0	105	29,295
7	2018	-	29,190	-	0	0	105	29,295
8	2019	-	29,190	-	0	0	105	29,295
9	2020	-	29,190	-	0	0	105	29,295
10	2021	-	29,190	-	0	0	105	29,295
11	2022	-	29,190	-	0	0	105	29,295
12	2023	-	29,190	-	0	0	105	29,295
13	2024	-	29,190	-	0	0	105	29,295

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2025	-	29,190	-	0	0	105	29,295
15	2026	-	29,190	-	0	0	105	29,295
16	2027	-	29,190	-	0	0	105	29,295
17	2028	-	29,190	-	0	0	105	29,295
18	2029	-	29,190	-	0	0	105	29,295
19	2030	-	29,190	-	0	0	105	29,295
20	2031	-	29,190	-	0	0	105	29,295
21	2032	-	29,190	-	0	0	105	29,295
22	2033	-	29,190	-	0	0	105	29,295
23	2034	-	29,190	-	0	0	105	29,295
24	2035	-	29,190	-	0	0	105	29,295
25	2036	-	29,190	-	0	0	105	29,295
26	2037	-	29,190	-	0	0	105	29,295
27	2038	-	29,190	-	0	0	105	29,295
28	2039	-	29,190	-	0	0	105	29,295
29	2040	-	29,190	-	0	0	105	29,295
30	2041	-	29,190	-	0	0	105	29,295
31	2042	-	29,190	-	0	0	105	29,295

ALLOWANCE REPORTING FORM

Ameren Energy Resources Generating Company

Reporting Period

July 1, 2013

to

September 30, 2013

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage ^{1,2} (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2012	75,034	29,190	(12,099)	0	0	105	92,230
2	2013	92,230	29,190	(15,618)	0	0	105	105,907
3	2014	-	29,190	-	0	0	105	29,295
4	2015	-	29,190	-	0	0	105	29,295
5	2016	-	29,190	-	0	0	105	29,295
6	2017	-	29,190	-	0	0	105	29,295
7	2018	-	29,190	-	0	0	105	29,295
8	2019	-	29,190	-	0	0	105	29,295
9	2020	-	29,190	-	0	0	105	29,295
10	2021	-	29,190	-	0	0	105	29,295
11	2022	-	29,190	-	0	0	105	29,295
12	2023	-	29,190	-	0	0	105	29,295
13	2024	-	29,190	-	0	0	105	29,295

Note: 1. 2012 emissions were reconciled on a 1:1 basis on February 27, 2013 using vintage 2008 and 2009 allowances.

2. Allowance consumption reported above for 2013 assumes two SO2 allowances will be used for each ton of SO2 emitted.

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2025	-	29,190	-	0	0	105	29,295
15	2026	-	29,190	-	0	0	105	29,295
16	2027	-	29,190	-	0	0	105	29,295
17	2028	-	29,190	-	0	0	105	29,295
18	2029	-	29,190	-	0	0	105	29,295
19	2030	-	29,190	-	0	0	105	29,295
20	2031	-	29,190	-	0	0	105	29,295
21	2032	-	29,190	-	0	0	105	29,295
22	2033	-	29,190	-	0	0	105	29,295
23	2034	-	29,190	-	0	0	105	29,295
24	2035	-	29,190	-	0	0	105	29,295
25	2036	-	29,190	-	0	0	105	29,295
26	2037	-	29,190	-	0	0	105	29,295
27	2038	-	29,190	-	0	0	105	29,295
28	2039	-	29,190	-	0	0	105	29,295
29	2040	-	29,190	-	0	0	105	29,295
30	2041	-	29,190	-	0	0	105	29,295
31	2042	-	29,190	-	0	0	105	29,295

FORM 213/20
ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2013 to September 30, 2013

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2013	41,708	-----	25,560	0			16,148
2	2014	29,040	-----	0	0			29,040
3	2015	29,040	-----	0	0			29,040
4	2016	29,040	-----	0	0			29,040
5	2017	29,040	-----	0	0			29,040
6	2018	29,040	-----	0	0			29,040
7	2019	29,040	-----	0	0			29,040
8	2020	29,040	-----	0	0			29,040
9	2021	29,040	-----	0	0			29,040
10	2022	29,040	-----	0	0			29,040
11	2023	29,040	-----	0	0			29,040
12	2024	29,040	-----	0	0			29,040
13	2025	29,040	-----	0	0			29,040

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2026	29,040	-----	0	0			29,040
15	2027	29,040	-----	0	0			29,040
16	2028	29,040	-----	0	0			29,040
17	2029	29,040	-----	0	0			29,040
18	2030	29,040	-----	0	0			29,040
19	2031	29,040	-----	0	0			29,040
20	2032	29,040	-----	0	0			29,040
21	2033	29,040	-----	0	0			29,040
22	2034	29,040	-----	0	0			29,040
23	2035	29,040	-----	0	0			29,040
24	2036	29,040	-----	0	0			29,040
25	2037	29,040	-----	0	0			29,040
26	2038	29,040	-----	0	0			29,040
27	2039	29,040	-----	0	0			29,040
28	2040	0	29,040	0	0			0
29								
30								
31								

FORM 213/20
ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2012 to December 31, 2012

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2012	46,650	-----	33,982	0			12,668
2	2013	29,040	-----	0	0			29,040
3	2014	29,040	-----	0	0			29,040
4	2015	29,040	-----	0	0			29,040
5	2016	29,040	-----	0	0			29,040
6	2017	29,040	-----	0	0			29,040
7	2018	29,040	-----	0	0			29,040
8	2019	29,040	-----	0	0			29,040
9	2020	29,040	-----	0	0			29,040
10	2021	29,040	-----	0	0			29,040
11	2022	29,040	-----	0	0			29,040
12	2023	29,040	-----	0	0			29,040
13	2024	29,040	-----	0	0			29,040

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2025	29,040	-----	0	0			29,040
15	2026	29,040	-----	0	0			29,040
16	2027	29,040	-----	0	0			29,040
17	2028	29,040	-----	0	0			29,040
18	2029	29,040	-----	0	0			29,040
19	2030	29,040	-----	0	0			29,040
20	2031	29,040	-----	0	0			29,040
21	2032	29,040	-----	0	0			29,040
22	2033	29,040	-----	0	0			29,040
23	2034	29,040	-----	0	0			29,040
24	2035	29,040	-----	0	0			29,040
25	2036	29,040	-----	0	0			29,040
26	2037	29,040	-----	0	0			29,040
27	2038	29,040	-----	0	0			29,040
28	2039	29,040	-----	0	0			29,040
29	2040	0	29,040	0	0			0
30								
31								